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## **East Europe**

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# East Europe

JPRS-EER-89-082

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## INTRABLOC

### CC Official Szokai on Romanian Intransigence on Minority Issue

25000204 Budapest MAGYAR IFJUSAG in Hungarian  
17, 24, 31 Mar 89

[Interview with Imre Szokai, assistant director of the MSZMP Central Committee, on the fate of Romanian Hungarians by Laszlo Ablonczy; date and place not given; first paragraph is MAGYAR IFJUSAG introduction]

[17 Mar 89 pp 22-23]

[Text] Imre Szokai was born in 1950 in Nagylak. He completed secondary school in Szeged, then continued his education at the Karl Marx University of Economics at Budapest. Following this he worked in the Foreign Ministry, then served abroad in Albania and Yugoslavia. Since 1985 he has been a colleague in the Foreign Affairs Department of the Central Committee of the MSZMP [Hungarian Socialist Workers Party].

[MAGYAR IFJUSAG] As I have noticed from your public statements and appearances, you are concerned with events in Romania and Hungarians living as minorities in the Danube basin for other reasons than because you have to be...

[Szokai] That is really true. I got involved with the Hungarians living in Romania and the Danube basin and the concept of "Danube Valley people" in a state of ignorance. Most of Nagylak, my home area, including the church village, is now part of [Nadlac] Romania. Kendegeyar, my actual birthplace came into being, in the words of one product of this area, Geza Feja, "as a combination of feudalism and capitalism." It provided a home (though quite poor), work (very taxing labor), and bread (sour, tasting of hemp) to Hungarians, Romanians, and Slovaks, whom we called "Tots," without any intent to offend. Everything was mixed together. One thing, however, has remained with me as a lesson for life: People were judged according to the honest work they did, not by their language or their long-forgotten ancestors. Family ties bound us together strongly. My mother comes from Arad [Arad, Romania]; on my father's side Nagyszalonta [Salonta, Romania] and the region nearby is our home.

#### Truce in Arad?

[MAGYAR IFJUSAG] But let's get to the heart of the matter. You were able to visit Arad, a historic place, the site of your family ties, with Karoly Grosz. The atmosphere of the meeting was one of serious disillusionment. How did you feel about Arad?

[Szokai] Today I still say it was really necessary to go to the meeting. I am also quite sure—because if I wasn't, I would have resigned—that the preparations were good and thorough. As a personal witness to the negotiations, I can say

that what was said there was completely in accordance with the interests of Hungary. The main questions discussed were those that were important for Hungary, those that Hungarian public opinion is concerned about. And even more important, our general secretary also raised the questions that are fundamentally important from the point of view of the Romanian Hungarians.

I know that public opinion still considered the meeting a defeat. I understand the enormous expectations—we felt them, too. It is completely natural that before the summit, taking place after a long period of very high tensions, Hungarian public opinion regarded it with extremely high expectations: Now something is going to happen. But we knew that the only result would be that we could express our judgment at the highest level about the Romanian measures that are a burden to the international climate and to bilateral relationships, and about fomenting of anti-Hungarian sentiment that we state our observations about harmful discrimination against Romanian Hungarians, and that we express our views on how to solve the problems while offering cooperation. This is why we had to go to Arad.

[MAGYAR IFJUSAG] Were the questions posed on the level of principles, or were the facts of the policy of eliminating minorities listed objectively?

[Szokai] Very concretely. There is no place for emotions in political negotiations. We recalled at the 1987 meeting of central committee secretaries (Szuros, Horvath, Bobu, and Stojan) that there was a time when the Hungarian minority had an elected (not appointed) representative body, a Hungarian-language university and colleges operated, the Transylvania Museum Society, the Transylvania Hungarian Scientific Institute, etc. were functioning, there were independent theatres in Kolozsvár [Cluj], Arad, Nagyvarad [Oradea], Szatmar [Satu Mare], Marosvasarhely [Tirgu Mures], Sepsiszentgyorgy [Sfintu Gheorghe], and 12 daily papers, 10 weekly papers and 25 periodicals were published in Hungarian. We showed with data that the rights and opportunities for cultural activity of Romanian Hungarians are being curtailed more and more rapidly, accelerated, forced pressure to assimilate has increased, and maintenance of a national consciousness is endangered. We pointed out from historical experiences that the national security of a state is not endangered, but rather strengthened by national minorities who do not feel their existence is threatened, but are able to exercise their right of self-government. The existence of independent political and interest organizations, regional and cultural autonomy, free use of the mother language, and unobstructed contact with the mother nation result in a feeling of security, and they can develop in a way that enriches their country at the same time. We are willing to become partners in creating such conditions at any time.

We approached the question in the same way at Arad too. The general secretary of the Romanian Communist

Party said immediately after we listed the facts concerning restriction of opportunities for the Romanian Hungarians, that they also have things to show about the Romanian Hungarian's opportunities, and these documents should be compared. We mentioned the general secretary's offer several times, but we have received evasive answers ever since. Something can certainly be concluded from this: The Romanians for some reason do not want to confront the facts. I am not afraid that future generations looking at these documents and the minutes of the Arad meeting will criticize us for what was said there.

[MAGYAR IFJUSAG] Why did we give up the idea of protesting the closure of the Kolozsvar consulate?

[Szokai] We took the question off the agenda for the meeting between the two general secretaries. When the functions of the party and the state are separated, as we are now trying to do, this also means that the government of the Hungarian People's Republic—because this really is important for us—must do everything possible to restore the original situation.

[MAGYAR IFJUSAG] After the meeting, why did the Hungarian general secretary say that we need to know events there better? We know it quite well as tourists, we have suffered during past decades, our relatives live there....

[Szokai] It is true that we know and have suffered the "events there." But it should be added that Karoly Grosz and Ceausescu have not yet met, so from this point of view I think the requirement of becoming better acquainted is justified. It is one thing to read a speech, and direct negotiation is an entirely different thing. Statements can be answered with counterstatements, and the importance of "metacommunication" should not be underestimated.

There was also another important experience. The Hungarian delegation, wherever we went, was received by a large crowd, sometimes with applause and shouts of "Long live!" All this happened in spite of the Romanians' intention to keep people away from the meeting place. To me this verified that what Hungarian foreign policy has represented and done points in a good direction. We can admit this calmly. The opinion that Hungarian policy should not listen to the voices of the Romanian Hungarians, for fear of making their situation worse, has by now been shown to be clearly false and incorrect. The people in Arad spontaneously emphasized that they demand that Hungarian policy deal with them. It is true that they live in Romania, but they consider themselves part of the Hungarian people. It would be an enormous mistake, even a sin, not to admit this. There is a good chance that we will not be able to compete with European nations in a Europe that is becoming unified, if we cannot hold our heads high as Hungarians.

[MAGYAR IFJUSAG] Let's return to Arad. You said that it was necessary to go in order to express our

opinion at the highest level. But we are also interested in the other side; in the past year and a half you have met with the leader of Romania several times. If we remember that in 1959 it was he that took action against the Kolozsvar Hungarian University, we get the picture of how systematically and purposefully he has worked to "solve" the nationality problem. It would have been easy to quote from Pacepa's book about sizzling hatred of Hungarians. How does the Romanian president behave during the meetings as a politician and diplomat?

[Szokai] The general secretary referred to his experiences with Hungarians with fondness. For example, he said that the Bolyai University became what it is today at the express request of the faculty and the Romanian Hungarian intellectuals. In listing data to support his own standpoints, he referred to letters received from Hungary. He had gone over what he wanted to say so much that someone who did not know the situation would have thought his argument persuasive. It was also notable that he stuck deliberately and strictly to his views. He only moves about in the areas he knows; in things he does not know or does not wish to get into, he does not concentrate on the other side's arguments. Other politicians do think about and consider arguments and counterarguments. I did not feel this at the Arad talks.

#### Scenes From Szentgyorgy

[MAGYAR IFJUSAG] People who have arrived from Sepsiszentgyorgy and remained here have told about the rush to construct scenery when a couple of weeks after Arad a Hungarian delegation led by Matyas Szuros visited Covasna district. They brought up old Hungarian tableaux from the basement of Miko College and put out the Hungarian signs at the theatre (at the same time they quickly sent the Hungarian company on tour). In Nagyborsosnyo [Borosneul-Mare] they took us to an empty settlement that had been condemned a long time ago. How did you feel about the "show" put on for you visitors?

[Szokai] I repeat: We know what is happening to the Romanians, Hungarians, Germans, Jews, other nationalities, and the entire population in Romania. Everyone in Europe who wants to know knows already. In preparing for the Szuros visit we made the justifiable supposition that we will probably not encounter reality. It is important, however, for us to be there and to say publicly that what happens in a neighboring country and their political intentions are not matters of indifference for us. We did not request the Sepsiszentgyorgy meeting without good reason. We had received many reports that the original character of the city center had been completely changed, and the valuable books of the historic Miko College had been condemned to destruction. We could verify all of this ourselves. We asked in the presence of the leaders from Bucharest that we be allowed to have Hungarian experts assist in salvaging valuable items from the library and to have our historians do research there. No objection or negative opinion was expressed. It is another question, however, whether they will avoid

receiving our experts as they have done before, most recently in the case of the delegation sent to study the demolition of villages. But at the highest levels they have promised to receive them.

I consider it very important that when we traveled, we met with Romanians who know Hungarians from having lived well with them. They said that implementation of the resettlement program has caused immeasurable harm. I completely understand that they—unfortunately—do not wish to make their opinions known publicly. Most recently the case of Doina Cornea, which we also know from Hungarian television, has shocked everyone who “thinks differently” about Romanian policy. Imagine what would happen to Ion Lupescu, an “unknown” Romanian living in Transylvania—or to Janos Kovacs, who in addition happens to consider himself a Hungarian—if they were to open their mouths. Of course there are and will be Kovacs and Lupescus that will not leave dehumanization alone without speaking out. From all of this it also follows that those Hungarians and Romanians that live there and respect work and people and are sensitive of the interests of others will continue to be able to understand one another. I think this is the basis on which we must build.

As far as the outlook is concerned, I don't want to get into predictions. But it is certain that the situation of the Hungarian minority cannot be separated from the whole Romanian situation. Today, in the spirit of Soviet openness, analysts are saying that the terror and dictatorship of Stalin needed the myth of an external enemy, expanded into a gigantic phantom. Present Romanian policy also need such a thing to maintain itself and to legitimate itself. The foreign enemy is supposedly Hungary and the Soviet Union, striving for territorial integrity; the internal enemy is “naturally” the Hungarian and other minorities. But the real challenge for the Romanian leadership is how we—and the other socialist countries—conceive of socialism. Today we can no longer say that we are building different versions of the same socialism appropriate to the various nationalities, because we will have to decide whether this or that is the real socialism. It is my conviction that socialism cannot be equated with a dictatorial system where a few people—as if on the basis of predestination—simply remove themselves from the burden of all rules and dictate to the majority of society. This practice has clearly demonstrated that it is not viable, and so it is imperative to progress beyond it to comprehensive reform and democratization. Creation of real democratic relationships can also create appropriate conditions for nationalities as well. Of course you may ask whether we have any hope. I answer with lines from Sandor Csoori's poem entitled “To My Well-wishers”: “...but there is always another day, /hoarfrost, wind,/resurrection, that I do not yet know.”

[24 Mar 89 pp 22-23]

[Text] [MAGYAR IFJUSAG] Do we know what and, especially, how we want to build? For cooperation, just as for love, you need two partners! From what you have

said about experiences since the Arad meeting—I'm thinking of the general secretary's postponement of coordinated steps—we cannot expect much good!

[Szokai] Yes, we knew and we know. Only thorough knowledge of the situation and years of considered, determined political concepts made it possible that immediately after the Arad meeting, within an exceptionally brief period of time, we worked out a plan of action consisting of about 50 recommendations that the government and party leadership accepted in early September. If we did not have a well considered concept, it would have been a physical impossibility to work out a comprehensive bilateral plan. But you are right in that no matter what kind of views we have, even if we work out the best plan and take the most appropriate steps, we cannot expect rapid, visible results. Current Romanian policy does not want to be a partner in cooperation.

[MAGYAR IFJUSAG] We agree on this, and to that extent the question is no longer a Romanian or Romanian-Hungarian matter, but a matter for socialism as a whole. In the Warsaw talks, was there any visible sign in the last meeting of the Political Council of the Warsaw Pact that not every national leader is pleased by the policy that the “conductor” is leading?

[Szokai] No one criticized Romanian policy directly. This is perhaps explainable, even if difficult to accept. But I must say that in comparison to the 1970's the nature of Warsaw Pact council meetings and the mechanism for reaching agreements have changed fundamentally. It is noteworthy that attempts to achieve unity at all costs have become less and less frequent. Most recently, in Warsaw to be exact, one could feel that some people thought very differently than others about the present and especially about the future and directions and methods for further steps. I could emphasize that Poland, the Soviet Union, and Hungary are taking attempts for reform very seriously. Romania and a few other countries are trying to manage known or as yet unrecognized problems by other methods, basically within the old framework. From all of this it follows logically that there are those that like Romania's policy and those who do not.

[MAGYAR IFJUSAG] Even so, the policy opinion that was drafted in Warsaw about Romania's Hungarian minority, according to which it is a matter for the two countries, is still strange. It is a matter for the two countries, but doesn't it affect the others? And why was no responsibility felt in the name of universal human rights at this meeting?

[Szokai] It is an indisputable fact that up to now there has not been an intensive exchange of ideas in meetings of the Political Council of the Warsaw Pact about the practice of human rights in individual socialist countries, much less about the situation of the Romanian Hungarians. This lack was also apparent at the Vienna follow-up meeting, and its influence is also felt in a

decrease in international appeal of the socialist countries, and it also casts a shadow on attempts at democratization in reform countries. All this does not mean that things will be this way in the future. Every member nation has the right and the capability of initiating debate on any subject it considers important. Of course this does not mean that others are ready for this. The initiative may be tabled. But on this question, only a resolution by Parliament, which embodies national sovereignty and rational policy, can set limits. And Parliament has stated: This is a European question...

[MAGYAR IFJUSAG] But if it is a European question, it must also be a question for the Warsaw Pact.

### 'Brothers' and 'Comrades'

[Szokai] That is true. But don't forget about rational policy, which I just mentioned! I do not know how much support it would receive, taking into account the internal events and political practice of the socialist countries. For this reason I consider it acceptable that for the time being we treat this problem area emphatically, but indirectly. Until it is known by others as well, we must continually state that a satisfactory resolution of the situation of minorities and realization of their rights is a litmus test of democracy, and as such, it cannot be the exclusive question for one or two nations alone. We must make everyone understand that uncritical recognition of other people's nationalism is not a standard for any kind of unity, not even of internationalism, which was formerly so much idealized and worshiped. For my own part, I attach particular importance to how the Soviet Union is changing its approach to the whole question of rights of nationalities. I will mention two things because of their international significance: First, a few years ago it would have been inconceivable that an international conference on human rights could be organized in the Soviet Union, and second the Soviets have emphasized that they want to fulfill completely in their internal practices the obligation they undertook in signing the Helsinki accords. These changes will certainly make their influence felt in cooperation between socialist countries as well.

[MAGYAR IFJUSAG] Yes, but this will still take time. The present situation, however, is characterized by continual reference to meetings between leaders of "allies" and "fraternal parties," which is not even true in spirit.

[Szokai] There is no use debating about "allies," because we do belong to the same military and political alliance. The word "allies" means that we are members of the same alliance, and nothing more than that. As for "fraternal" and similar expressions...

[MAGYAR IFJUSAG] And "comrades." Why is anyone my comrade who consciously oppresses the rest of my people?

[Szokai] You are right; even in political alliances these expressions should not be used constantly. To me the expression "comrade" reflects first of all and mainly a family connection or a relationship between individuals. Now, on the threshold of the 21st century, I cannot interpret it as a political category, and for this reason I systematically avoid using it. "Comrade" is not a political category, but it is worthwhile to think about whether it can be used and whether it expresses the essence of our relationships. Especially if the partner professes similar principles to ours at most in words, and his practices are something we cannot identify with, because he ignores precisely those principles that are most important to me.

[MAGYAR IFJUSAG] Let's return from the relationships between socialist countries to the domestic implications of the Hungarian-Romanian relationship. Not very long ago, in 1987, we heard almost weekly how the situation on the Austrian border was changing. Sometimes we let the Transylvanian refugees go further, sometimes not. Confusion and embarrassment were apparent.

[Szokai] Part of understanding the problem is that in 1987 Hungarian policy unambiguously adopted the concept of "mother nation" and the responsibilities involved with that, specifically, that we will accept Romanian Hungarians who enter illegally. I consider this critical.

[MAGYAR IFJUSAG] Who decided this?

[Szokai] When we became aware of the increasing numbers of refugees, the Foreign Affairs department notified the leadership of the MSZMP of the new phenomenon, the personal tragedy, and the serious problems that could be expected. The Political Committee finally decided that we should work out a long-range solution that would take into account all the interests of Hungary as well as the humanitarian viewpoints of the individuals. We quickly wrote down the ideas that we later presented to the government as a recommendation. After the government accepted the recommendation, the various state organs tried to act in its spirit. Right at the beginning the responsibility was formulated that in order to maintain the Hungarian nationality the Romanian Hungarians should stay at home, in the land of their birth. But those who have fled here because their fundamental human rights have been outrageously violated should be accepted in a humanitarian way. I think we agreed that Hungary cannot assume Romania's economic problems, nor can we accept common criminals and lumpen elements. So from the first moment we tried to define viewpoints of selectivity and screening. Thinking about these things, I really regretted that our historians have never researched thoroughly the earlier exoduses of Romanian Hungarians and Transylvanian Romanians. Imre Miko's 1941 book: "Twenty Years, the Political History of the Transylvanian Hungarians from 1 December 1918 to 30 August 1940," which has recently been published here as well, writes about this. But how many

works, including underground manuscripts and traditions contain information that is lying about unorganized, so that we could incorporate them into our common thought and actions.

[MAGYAR IFJUSAG] But I still don't understand why viewpoints have changed on accepting and returning refugees or sending them on [to other countries].

[Szokai] The basic viewpoints have not changed, only the practical implementation of principles that have been adopted in policy. State organs have difficulty interpreting and performing their tasks in a disorganized legal situation. Today I see that application of the political principle of "Let them stay in the land of their birth, but accept them if they flee, keeping in mind certain viewpoints" is an impossible task for our organs that do not have the necessary experience and proven methods, even if their best intentions are undoubtable.

#### Refugees and Agents

Screening the refugees is a difficult question. I think that intelligence and sensitivity are required not only from the domestic viewpoint, but also by psychological and many other viewpoints. Public opinion does not see a guarantee that it will be fair and satisfactory, as we have mentioned publicly before. Interior Minister Istvan Horvath also pointed out its mistakes in the December session of Parliament. It is completely certain that there were errors. But screening of refugees is not a public matter anywhere in the world. Of course the possibility must be provided that it not take place secretly, but with complete openness. Only in this way can we keep mistakes to a minimum and reassure the citizens of our country that we are not dispensing grace but fulfilling our basic duties.

I understand that after a long period of silence and being unable to speak on this question, emotions are sky-high, since we are dealing with life and death problems. It would be a gigantic mistake and political blunder, however, if we were to try to base our attitude on this. We must create a legal framework, within which individuals, organizations, and state organs will all know exactly what they can do and what the consequences of their acts will be. This end will be served by our joining the convention on refugees, the various points of which state clearly the conditions under which we accept refugees.

[MAGYAR IFJUSAG] Why haven't we joined before now? Refugees have arrived in Budapest at various times from Chile, the Near East, and other places, and public opinion in this country has never been given statistics about their numbers and their living conditions.

The Geneva Convention came into being in 1951, during the Cold War period. At first we thought it very bad that it did not come into being as the result of a socialist initiative. We are beyond that now. We announced in 1987 already that in case of a significant increase in

numbers of refugees new decisions would be needed. We included joining the Geneva Convention in this, but the word "refugee" could not be defined precisely. Many kinds of discussions, agreements, and changes in our internal relationships were needed for us to reach the point where this could happen. Premature announcement of our intention could have put certain forces into motion that would have gone against what we were trying to do.

[MAGYAR IFJUSAG] So can we expect an appropriate and systematic procedure for evaluating refugees?

[Szokai] Yes. This will make it much easier for us to join the Geneva Convention. State organs have begun to establish acceptance stations, where appropriate experts will handle refugee affairs in a much more circumspect manner. A detailed sociological survey of the refugees is in preparation, and experts are analyzing former refugees, the steps taken, and the experiences of that time.

[MAGYAR IFJUSAG] Many facts show that Romanian agents are also working here. It is also rumored that they get on the Orient Express leaving from Budapest and look the travelers over and inform the Romanian officials at the border crossing of the travelers' intentions. Why don't we act decisively against them?

[Szokai] No one carries around an inscription stating that he is a Securitate agent. The appropriate Hungarian organs do try to identify them. But we are worried not only about the agents, but about the oppressed, confused, and frightened people as well as about tourist traffic. The methods must be refined, but consistent and efficient and, at a certain time, they must be made public.

#### What Was Investigated at Gyula?

[MAGYAR IFJUSAG] It happened along the Gyula section of the border, or perhaps it didn't happen, that a public debate erupted about the events. As there is any amount of information about the fact that on the other side of the border Romanian organs have shot and killed people and repatriated refugees have been tortured and humiliated, I think it was not in good taste when the Attorney General started an investigation of the Democratic Forum. Why didn't they investigate the instances in which official organs acted incorrectly?

[Szokai] It is worthwhile to look at the facts cautiously. The Attorney General's investigation should not be seen as proceeding against someone—perhaps the MDF [Hungarian Democratic Forum] or the BM [Interior Ministry]. Let's try to think within the legal framework! A difference of opinion and uncertainty developed. One state organ thought it had uncovered illegal acts in the work of other organs, or acts that harm the national interest. Perhaps it would have been more proper for this organ not to state its finding to the press first of all, but to ask for an explanation through official channels. Of course a legal framework that is understood by everyone



must be created for this. In our case, however, let us accept that the Attorney General's office is an independent body that conducts investigations and reports to Parliament the exact and correct situation. The big problem in this case is that not even a minimal amount of trust was shown toward the policy of 1987—when conditions in Hungary were completely different—that undertook to accept the refugees. I am sure that it is not in the interest of this policy to suppress the facts.

[MAGYAR IFJUSAG] Many tragic events have happened in past decades. The lack of trust is understandable.

[Szokai] In our case we are dealing with refugees from Romania. Mistakes will happen because we have no real experience in solving these kinds of problems. But anyone can convince himself of the fact that the state organs are continually trying to correct the mistakes.

[31 Mar 89 pp 22-23]

[Text] [MAGYAR IFJUSAG] I think that sometimes the voices of westerners are louder than their readiness to act. We know about the quotas and other measures that make it almost impossible for refugees to be accepted, especially in Europe.

[Szokai] Those people who hope that their requests for family reunification will be resolved soon should also think about this. The European countries are participants in the convention on refugees. The refugee question is to be handled in accordance with the principles stated therein and in accordance with the internal legal system. Sweden has about the same ability to accomplish family reunification by force as Hungary has. There are examples of officials permitting people to go on to other countries as the result of emphatic requests, but the countries of destination have sent them back to us. It cannot be our goal to push people around and keep them traveling. Hungarian policy must, however, never tire in working to have Romanian Hungarians remain in Romania and be able to live humane lives. But our possibilities are limited; for this reason we cannot lessen the flood of refugees. We must solve the problem of how those who come here can become Hungarian citizens as soon as possible. But we must also be watchful that those people receive Hungarian citizenship who are worthy of it. Hungarian nationality—like that of other nations—should have some value; not just anyone should have it. If we cannot grant Hungarian citizenship in a circum-spect manner, then we should act more decisively on the family reunification question. Of course we cannot hope for rapid solution of the matter, because for that we would need a partner.

[MAGYAR IFJUSAG] How do you envision the establishment of refugee camps?

[Szokai] I am not sufficiently acquainted with the organization and operation of such camps. I think that the

acceptance stations must be provided with all important facilities. Conditions must be created for certain kinds of health examinations also. Lists must be maintained in these places of available jobs, housing, and other information that will be necessary for the refugees in their future lives.

[MAGYAR IFJUSAG] Will the Vienna follow-up meeting, which Romania immediately denounced, or the 150,000 letters addressed to the Geneva center help to solve our problems? Is there any hope that in some way world opinion will have an influence on Romania?

[Szokai] Romanian policy was formerly characterized by a high degree of feeling for realism. I am sure that this realism will manifest itself again, sooner or later. Let's think, for example, of how the Romanians got out of the Second World War. Romania had been at least as faithful to Hitler's Germany as Hungary. In spite of that, they found a way so that, when their interests required it, they changed the relationship and created a relationship that served their interests. Realities in Europe are now moving in the direction of democratization. Relationships are being strengthened, borders are becoming more open. I trust that our partners will recognize their own interests and act so that their homelands can have equal rights and equal status in the group of European nations.

#### Were the TISZATAJ Vandals Disciplined?

[MAGYAR IFJUSAG] We now come to another area of questions. In the statements of present and former politicians one feels a lack of preparedness. That they cannot interpret the Romanian-Hungarian relationship in the way that would meet the demands of Lajos Mocsary, Oszkar Jasi, Endre Ady, Laszlo Nemeth, and Istvan Bibo.

[Szokai] With politicians as well, it all depends on the person. Of course I cannot speak in their name, I cannot say to what extent they feel it necessary or unnecessary to be acquainted with such [authors]. But I would dare to state decisively that the experts who work out policy concepts must know and use the main works of the intellectual capital of Hungarian progress and of the technical literature dealing with these questions.

Since we are talking about being informed, it is hard for me to note unemotionally that the emotions that have been aroused about the refugees are turning attention away from the real problems. In Hungary many new experts on Transylvania have arisen that had never been heard of before, and there have also appeared many speculators. Where were these people when we started to undertake a really serious battle to at least try to improve the situation of the people there or at least to fight for a favorable political position for their cause to be represented? Now these gentlemen are writing a whole series of books that hardly have anything to do with the Romanian Hungarians. These writings are full of factual

errors and distorted emotional elements. I do not regard them as a service to the cause of the Transylvanian Hungarians.

[MAGYAR IFJUSAG] I think our propaganda has so far on the whole been poor. While Romania has provided the world with all kinds of distorted historical and political information, we have not even tried to give out reliable information. In April 1986, Janos Barabas, assistant department head of the MSZMP Central Committee, promised that a condensed version of The History of Transylvania would appear in English. We have waited in vain ever since...

[Szokai] We really have made some mistakes and had some delays. It is a hopeful sign that some change has started to take place recently. Special issues of KULPOLITIKA that deal with peace agreements and the Romanian-Hungarian relationship have appeared in world languages. These have reached quite a wide circle. In the near future it is hoped that further technical and factual materials dealing with the situation of the Romanian Hungarians will appear. Why have foreign-language editions of The History of Transylvania not appeared? I don't understand either why decisions at the highest state and party forum levels have not been followed by actions. We have received offers from many places, including Hungarian organizations in the West, and in spite of that the matter has not move forward. Certain technical and financial objections have been raised, but they cannot be convincing, because it is seriously in our interest that the judgment of Hungarian historians regarding Transylvania become known throughout the world and that Romanian historians can "debate" with their Hungarian colleagues on the basis of the original book.

[MAGYAR IFJUSAG] What kinds of tensions did you feel when those who had expressed their concerns about living as a Hungarian minority participated in various demonstrations, aware of their responsibilities. For example, the writings of Gyula Illyes have not been published, TISZATAJ was shut down, and Sandor Csoori has been forbidden to publish several times and has been attacked in humiliating articles.

[Szokai] I could not then and cannot now agree with the political practice that thinking people, independent, creative people, are punished for stating their thoughts by silence, proscription, dismissal,...

[MAGYAR IFJUSAG] And this has been done with no legal basis or processes!

[Szokai] This is especially hard to understand and senseless. One of the most important conditions for constructive work is that policy also obey the rules of the game. If it does not, then no one will take the laws seriously, and moral decay will hinder all intelligent activity. It is both the responsibility and in the basic interest of policy that intellectuals be able to speak the truth. Only with this knowledge can practices be followed and goals set that a

significant portion of society will accept and for which they will even be willing to make sacrifices. The vilification of TISZATAJ and its workers makes one think deeply about this: What will help to bring the peoples of Eastern Europe closer together? I think the answer is easy to find: The discord that is growing between our peoples can only be overcome by intelligent, sincere debate. Only in this way, and not by way of command, can true friendship and mutually beneficial cooperation be achieved. Were those who made incorrect decisions disciplined by the party? I don't know. The newspapers did not write about it. But the people and the party membership decided, and they were simply replaced. This decision may serve as a confirmation and as a reinforcement to the consciences of all those who were removed from rather precarious editorial positions for similar "transgressions."

[MAGYAR IFJUSAG] Did the closure of TISZATAJ disturb your everyday work?

[Szokai] Yes. The high-level decision cast into doubt the proposition formulated by Gyula Illyes, and still clearly verifiable today, that one must keep knocking at the door and unceasingly protest the violation of human rights, the humiliations of the Romanian Hungarians in such a way that at the same time the values of the Romanian people and Romanian culture are demonstrated. Just as TISZATAJ did. This case will at the same time be used as a justification for Romanian policy.

[MAGYAR IFJUSAG] And encouragement.

[Szokai] I don't know if it will be an encouragement, because the Romanian leadership is already bold enough—within its own country—even without it. But that it will mean some kind of self-justification for them is quite certain: "See, there really is nationalism in Hungary!" But the solution is not that the Romanian party fight against possible nationalism in Hungary. We Hungarians will do that. The Romanian party has the task of taking steps against the existing and growing Romanian nationalism.

#### Without Equivocation!

[MAGYAR IFJUSAG] Hungarians have demonstrated an enormous lack of information concerning the social and intellectual events in Romania. Here at home, people who have served the cause of Romanian nationalism and have attacked our country with a vulgar voice for a long time have become popular in the public eye. Let me not mention names ...

[Szokai] I agree with the essence of the question: The majority of Hungarian society does not understand the Romanian situation and knows little about the situation of the Hungarians who live there, their struggles, and their continual humiliation. We have punished ourselves when we have excluded them willy-nilly from the nation's collective awareness. Our own situation has

been made more difficult, and chances for improvement in Hungarian-Romanian relations have been ruined when we have ignored the facts and hidden the multiplying and intensifying problems behind false ideologies. But the situation is changing, if slowly. Books are appearing from time to time that help to orient us intellectually. Works by Balazs Orban, Karoly Kos, Imre Miko, and others that had been forgotten can now again be purchased, but many works are still awaiting publication, including the fundamental work of Benedek Jancso on Romanian irredentism. So there is hope that these will not be "forbidden fruit" for the generation that comes after us. But I must add that even if we think about ourselves a little bit, we must not under any kind of circumstances get into vulgar vituperations.

[MAGYAR IFJUSAG] I wasn't thinking about anything like that. But we should have rejected the verbal attacks on us with political decisiveness and not with unofficial circumlocutions as, for example, Rezso Banyasz did in March 1987.

[Szokai] It is completely natural that we rejected the unfounded accusations and name-calling, mainly through diplomatic channels. But the press did not publish our reply, because the public was not like it is today. In the future too I think it will be correct to avoid mixing relations on various levels with one another. We will respond to publicity with publicity and to scientific questions with scientific methods. Hungarian policy does not deal with the vituperations of boorish people, because it would itself get dirtied.

[MAGYAR IFJUSAG] Facts show that the intellectual values of Hungarians living as minorities in neighboring countries are not recognized in the world. So far, we have not undertaken to get the works of Andras Suto, Laszlo Dobos, and others published throughout the world as we do to get the works of Hungary's authors into the intellectual life of the world. This indifference is unsupportable.

[Szokai] Yes, unfortunately there is indifference, but it is not exactly like that. Many writers of Hungarian nationality have appeared in short-story collections of Romanian writers published in the Soviet Union. If my facts are not wrong, the book "Anyam konnyu almot iger" [My Mother Promises Pleasant Dreams] by Andras Suto will soon be published in the most important Soviet literary journal, NOVIY MIR. I myself have seen books by Gyorgy Beke, Andras Suto, Erno Gall, and others for sale in the bookstore of the Forum Publishing House in Ujvidek [Novi Sad, Yugoslavia]. In spite of all that, it is true that we could do more to gather up the sheaves that fall. It would be good to start a series that would contain the best pieces written beyond our borders, in Hungarian and foreign languages. But the very best really would be if these works could be collected into anthologies from various points of view. I hope that in our enterprising world someone will undertake this.

[MAGYAR IFJUSAG] The constitution of Yugoslavia says that they assume responsibility for their people who live beyond their borders as well. Why is this missing from our constitution?

[Szokai] I don't know why it is missing, and it is not worthwhile to worry about that. But we do feel the lack. The Foreign Affairs Department of the Central Committee has made an initiative to those who are writing the new constitution to state certain concepts unambiguously that we feel are important. These include stating that for historical reasons a significant number of the Hungarian people are living beyond our borders, whether as minorities or not. It is also important to emphasize that—in the spirit of national responsibility and friendship between peoples—our country considers every person living abroad who feels an affiliation to the Hungarian nationality as belonging to the Hungarian people. Because the Hungarian people have been divided, the constitution must also reflect the fact that an indispensable factor in our international relations will be concern for the fate of Hungarians living beyond our borders and cultivation of contacts with them. We regard bilateral interchanges with Hungarians living abroad as an opportunity for promoting understanding between Hungary and other nations. But a fundamental condition for this is a guarantee of the practice of nationality rights, maintenance of national identity, and insurance of national existence as an inseparable part of human rights. It is also necessary to state that for our part we will do everything we can so that all Hungarians living beyond our borders will be able to exercise their individual and collective rights, preserve their national identity, and develop freely their contacts with the mother nation.

I am sure that the new constitution will contain these statements and that Hungarian diplomacy will carry out all their responsibilities that arise therefrom as well as possible. For it is indisputable that these tasks will not be undertaken by anyone else except Hungary.

[MAGYAR IFJUSAG] I hope so, for all of us. Thank you for the interview.

## BULGARIA

### Swiss Journalist Describes Bulgarian Living Conditions, Dissident Groups

29000028a Geneva JOURNAL DE GENEVE in French  
23 May 89 p 2

[Article by Francois Colin: "From Ecology to Human Rights"; first two paragraphs are JOURNAL DE GENEVE introduction]

[Text] Paradoxically, in Bulgaria the winds of change are blowing from Romania; a toxic and polluting cloud which is mobilizing the intellectuals to act. However, the government is on the watch.

Left in the shade by four of its neighbors who are making news, Bulgaria remains quiet. What is going on in this country, about which we often know nothing more than that it is the country from which came the umbrella, yogurt, and a few weight lifters? How are the reforms in Moscow felt in a country where Brezhnev-style opposition to change is agreeable to a chief of state who has been in office for 35 years? After visiting Hungary, Francois Colin, a young Swiss, has filed the following report on Bulgaria.

Nothing is particularly remarkable when you arrive in Sofia. More or less like everywhere else in Eastern Europe you have to hang on to the open doors of overloaded streetcars and wait for 10 years before being able to buy a small Lada automobile. In Bulgaria the list of those waiting for an automobile officially stands at 900,000 people. In 1989 the government will import 30,000 automobiles.

However, the more you dig, the less the daily life of the capital seems simple. In March, for example, under the impact of a temporary, "classical" shortage, it was very difficult to obtain toilet paper. Long lines formed early in the morning in front of the stores which announced that a truck with toilet paper would arrive during the day. Now the difficulty of obtaining products of basic necessity cannot be compared with the difficulty of obtaining "luxury" articles: sport shoes, Western style clothing, phonograph records, cassettes, audio equipment, and so on.

To relieve these shortages, the government recently took a major step by authorizing a free market in a single location in the city: the market in the Benkovski section. On Saturdays and Sundays, at the end of a potholed street, merchants can set up small stands without having to submit accounts to the state, which has not lost its sense of direction in such matters. It has set up a fence around the market and requires the 10 thousand or so weekend visitors to pay to enter.

At the entrance to the market a sign sets out the rules of this new game. It is prohibited to sell food, medicine, narcotics, fish, weapons, explosives, photo copying machines, tampons, and precious metals and stones. A Bulgarian whispers to me: "However, in fact you can find all of that by making the proper arrangements. Furthermore, this is where prices are set and not in the ministries!" Mechanical, electrical, and electronic parts, counterfeit copies of well known brands of Western clothing, magazines, and cosmetics are most frequently on display. Whatever the weather, success is certain in this [economic] quagmire.

### The Blue Cloud

In dealing with these difficulties of daily life the Bulgarians seem to have chosen the role to play. Used to all of the techniques of black markets, my neighbor in the waiting line shows that he even has a certain philosophy.

We have been waiting for 1 and 1/2 hours for a domestic airline ticket. He explains quietly: "During the first hour, your nerves and reason are in revolt. It is when the second hour comes that your soul calms down, and you then rely on wisdom. Patience is one of the few good things which the Turks left us."

However, if there is one area where the Bulgarians are at the end of their patience, it is in matters concerning ecology. Having just expressed their dissatisfaction without moving their lips, they are not prepared to give up and do nothing at all. And ecology could well be the spark which will make Bulgarian stagnation explode into fragments.

Everything began in Ruse, a city of 200,000 inhabitants on the Danube. Facing it, on the Romanian side of the river, is Giurgiu, which had a chlorine factory which had been polluting the air and the water since 1983. Periodically, the factory gave off a cloud of chlorine which, carried by the North wind, inevitably blew toward Ruse. Stefan, the father of two children, explained to me: "We clearly saw the blue cloud approaching. When it reached our city, it was like a thick but blue fog. We began to cough and to have tears in our eyes. If we stayed in the street, we suffered from nausea, headaches, and vertigo. And on the following day we found dead birds on the sidewalks."

Beginning in 1986, Rumanian production at the factory increased. The well known blue cloud covered Ruse more and more often. Stefan continued: "It could last for 10 minutes or for hours. I recall deserted streets in the blue light. It was like something out of science fiction." The air of the city of Ruse quite simply became impossible to breathe. More than 200 families moved to the outskirts of town. By the beginning of 1988 the people of the city could stand it no more and, an unprecedented fact during the past 40 years in Bulgaria, the people organized a demonstration (attended by 2,000 people) in the Plaza of Liberty, in front of the party building.

### The Risks of a Documentary

Yuri Zhiron is a documentary film maker at the Ekrans Studios in Sofia. When a friend talked to him at the end of 1987 about the pollution in Ruse—which no Bulgarian newspaper had referred to—he sent one of his reporters to look into the matter. When the reporter returned with news about further catastrophes, Yuri decided to make a film on this subject. He submitted a scenario to his director, who gave him the green light. He recalled: "I went to Ruse and made my film without any problems. I saw the cloud, I took some film footage, and I asked people about it. I just did my job. Once the film was prepared, I thought that I had finished the documentary and was working on another project." However, Yuri was mistaken. Just after the first, standard showing before a selected audience composed of reporters and film makers on 8 March 1988 one of the viewers spoke up and proposed establishing a committee to support

Ruse. Meanwhile, several newspapers mentioned the showing of the film, and the committee was established in an atmosphere of enthusiasm, led by Svetlin Rusev, the painter, and Nechka Robeva, the trainer of the national gymnastic team.

Yuri continued: "It was at that point that everything fell apart. My film was seized and all of the supporters of the committee began to have problems. I was repeatedly called to appear before the party, where I was always asked the same question: Why, why did you make this film? I replied that the Romanians had released a very toxic gas on 265 occasions and that it was my job to tell people about this problem. In my view you have to separate questions of ecology and of politics. Whether you are red or white, you have the right to breathe pure air."

The government did not seem to agree with this view, and punishment was handed out quickly. Svetlin Rusev was dropped from the Central Committee and, later on, also had to leave the Board of Directors of the National Gallery. The others were subjected to threats or were prohibited from working. To end the controversy, another committee was established, on an official basis this time. To make the affair a local one, it was to be headquartered in Ruse itself, and its chairman would be the secretary of the Communist Party in Ruse himself. Perhaps this was a better way of handling the matter. The tree bore its fruits, and the Bulgarian Government sent an official protest to Romania. At the end of the summer of 1988 the factory was closed down. However, no one knows if this was due to the humane feelings of President Ceausescu or, as an engineer from Ruse told me: "The factory was worn out. They could not get anything more out of it."

### The Intellectuals Persist

However, things did not stop there. First, because Bulgaria itself is going through a catastrophic, ecological situation. On this subject the discussion has only begun. Secondly, because the Bulgarian intellectuals have acquired a taste for "unofficial" action. Thus, during the summer of 1988 the idea was born of establishing a "Club for the Support of Glasnost and Perestroika."<sup>1</sup> Both of these concepts had been adopted officially in 1987 but were slow to make much of an impact.

The club now has more than 200 members and is the subject of discrete conversation in Sofia. The club has the special feature of including among its members a large number of official personalities and members of the party. It has the objective of "encouraging a dialogue in a society without engaging in confrontation, serving as a shock absorber for excesses of all kinds, and finding, through the adoption of glasnost and perestroika, a policy direction suited to Bulgaria and its traditions." The quotation is from the words of Blaga Dimitrova, a poetess and one of the first members of the club.

However, despite these good intentions, the club has not had an easy time of it. The first difficulty was finding a place to meet. All of the meeting halls refused to accept this unofficial group. In the absence of anything else, Amphitheater 65 of the University of Sofia was turned into a meeting room one night. The program for the club was prepared and signed, the board of directors was elected, and a dialogue began with about 150 students who were sympathetic to the club or merely curious and who stayed on at the university after their classes were over for the day. A participant in the discussion said: "On the following day we sent a copy of our program to all of the media, to the regional committees, and to the Central Committee of the party. There was an atmosphere of great enthusiasm. We had the impression that everything was going to change."

But they found that they had to come back down to earth quickly. First, not a single line appeared in the press. Then problems began for all of those who signed the committee manifesto. Those who belonged to the party were called before committees. They were asked to resign from the club. All of them refused. Four of them were subsequently expelled from the party, and there were many "punishments" handed out.

### Human Rights Shelved

However, this club was not the only "informal organization" in Bulgaria. And if there is one of them which we should mention in this year of the bicentennial of the French Revolution, it is certainly "The Independent Association for the Defense of Human Rights," toward which the government behaved even more harshly.

Established on 18 January 1988, all of its members have been followed and persecuted. The worst example was "The Manolov Affair." However, to get an idea of how things were going, this is what Mrs Koacheva, an ordinary member of the association, said on the evening of 13 March to Radio Free Europe: "A meeting of the association was to have taken place in Sofia on 12 March in an apartment. Members of the association who were going to come in from the provinces received an order on 11 March from the public prosecutor not to leave their homes for 48 hours. As I live in Sofia, two members of the militia knocked on my door at 0800. They told me that I did not have permission to leave my home until 1800. Then they simply sat down on my carpet for 10 hours. I have been told that at the address agreed on for the meeting a militia van was parked before the door, arresting in all of the people who tried to enter the apartment. They amounted to 20 or 30 people. We still have no news of them. On the other hand, I have had news of Ilya Matev [as published—Ilya Minev—FBIS], the president of the association, who has been sent to internal exile in Septembri. Now 75 years old, he began a hunger strike to protest against this act of persecution against him. During the first few days of his detention

members of the militia beat him up to make him resign his membership. He has lost 35 kg and now weighs no more than 48 kg."

Accusing the members of this organization of being "terrorists, criminals, fascists, and spies," the government does not appear disposed to any compromise regarding them. A deep gap has been created between the regime and the intellectuals, at a time when there is talk of a replacement for Todor Zhivkov, now 78 years old. The struggle for power seems to be a rough one, as evidenced by the expulsion from the Political Bureau on 20 July 1988 of Chudomir Aleksandrov, one of the candidates to replace Zhivkov. Stanko Todorov was also suspended from his position as chairman of the National Assembly. Furthermore, rumors are circulating in Sofia about an attempted assassination of Todor Zhivkov, the chief of state, on 31 December 1988 before his villa in Boyana, just before his televised, New Year's speech.

We wonder how long the regime will be able to stifle all opposition, when it is known that the people (pro-Russian since their liberation from the "Turkish yoke" in 1878 by the armies of the Czar) watch Soviet television and read the press of the "big brother." Today both of these elements of the media are clearly more progressive than those of Bulgaria.

#### Footnote

1. From a Bulgarian dissident source we have learned that 11 Bulgarian intellectuals were interrogated by the police on 5 May in Sofia and kept in custody for several hours after having sent to the National Assembly a draft resolution supporting glasnost and perestroika. The draft was signed by several dozen personalities, including in particular members of the club of the same name.

### CZECHOSLOVAKIA

#### Youth's Penchant for 'American Uniforms' Criticized

24000155 Prague OBRANA LIDU in Czech  
1 Jul 89 p 2

[Article by Vaclav Verner: "A Strange Army"]

[Text] Occasionally I meet groups of young people, boys and girls, dressed in the most varied uniforms, quite apparently of foreign manufacture. On their wide belts they hang anything from batteries and canteens to hunting knives. And just so that nobody has any doubts as to who is who, they have US Army insignia above their breast pockets and names, such as Mac Intaire or Mac Intosh. I am not at all familiar with the rank insignia on their sleeves.

Just what kind of a game are they playing? Or what are they preparing for? Recently I travelled on a train with one such group. A youth from the group pretended

ignorance as he would have me believe he did not know the meaning of the slogans for May First and May Ninth. An apparent recruit to the group looked particularly awkward, dressed in a leather jacket with fringes, most probably inherited from an Indian grandmother. Under the coat, he had on a stolen military uniform, model 1960, that is to say camouflage fatigues, including an exemplary tightened belt with a five-pointed star (as he informed the present company, he had not had time to file it down yet).

To be honest about it, they did not behave any worse or any better than other young people in the compartment. However, I did notice that some other people moved away from them as soon as they noticed them. Would that indicate previous experience? Not even a group of hikers showed them any sympathy, not to mention other travelers. I would like to believe that they were on their way to accomplish something noble, like to join a work brigade or perhaps to plant new trees somewhere. But most likely not...

### HUNGARY

Article Debunks Socialism as Previously Practiced  
25000223 Budapest ELET ES IRODALOM in  
Hungarian 14 Apr 89 p 4

[Article by Ervin Csizmadia: "The End of Appointed Socialism"]

[Text] "I am not a socialist," said Gaspar Miklos Tamas (ELET ES IRODALOM, 3 March 89), and this announcement means much more than that a person, who up to now has published only in the samizdat, can now state his convictions in the official press. It means more, because the word "not" was used at a time when fortunately we know that not everyone has to be a socialist. Up to now we have had so-called socialism with so-called socialist people, and we have ended up with a system that is not at all so-called totally bankrupt. The fact that today someone does not call himself a socialist at most irritates those super dogmatic elements, who for some reason feel it their historic responsibility to stand guard over so-called socialism. But those who say that in Hungary we cannot talk about socialism in any sense—and their numbers are continually increasing—were not at all surprised by Gaspar Miklos Tamas' "opponentist" soliloquy.

#### I.

Let us examine first of all how things got to be the way they are. Guizot says that Louis Bonaparte's coup d'etat of 3 December 1951 "was socialism's complete and final victory." What happened after the coup is well known: An indispensable ingredient of this so-called socialism was the imperial scepter and everything else that was imperial. This "imperial socialism" was, however, anything but socialism. Socialism certainly cannot be brought about by tyrants, despots, enlightened monarchs, or hardworking salvationists. On the other hand,

if for some reason these kinds of glorious people get to the highest political positions, they are inclined to call themselves faithful representatives of socialism. They usually come to the surface after a "chaotic" situation, when the people need unity, an end to divisions, and order. How could anyone in Hungary during the 1948-49 period of coups, promising order, and putting an end to discords with a single stroke, have said he was not a socialist, or not a communist? Anyone who did say that or who tried to act accordingly was not acting very wisely.

It is characteristic of this system that criticism of total dictatorship is formulated from above; the leadership of the Communist Party seems to split into two parts, and it has to represent the various interests of society. But the reform communist intelligentsia do not (and cannot) get to the point of criticizing the system that socialism has developed. Even Imre Nagy spoke only of a distortion of correct basic principles, though he understood its Bonapartist character precisely. But the thing that was not clear in the writings of 1955-56, but became clear in the days of October, is whether it is possible to maintain socialism in its Bonapartist form. History gave the answer to this question then: It is not possible, but that does not mean that in certain circumstances a limited citizen's democracy is an alternative. A restored socialism was realized that perhaps in many ways became milder than its predecessor, but not in one particular way: It came to power in a manner that eerily resembled the Rakosi system, and consequently it did the same thing they did. It destroyed or intimidated, physically and spiritually, those who did not accept the socialist model that the new government proclaimed as its salvation.

Ten years were needed before any kind of criticism of the system began to take shape, naturally from the platform of socialism. But whereas in Western Europe the flood of Marxist-Leninist theory became permanent, in Hungary the Marxist eagle died away after a brief flight. There [in Western Europe] it grew stronger, because the system was able to incorporate what is perhaps Marxism's most important feature, opposition. For Marxism, perhaps there is no harm in remembering, is primarily a philosophy or social theory of opposition. If there is room for opposition activity, Marxism is not forced to become an ideology that justifies its power against itself. But in Hungary this is exactly what happened, and in the face of this expropriated Marxism, the forms of Marxism that opposed and criticized had to die away. The danger to this power that grew out of Bonapartism was not the theoretical invocation of an alternative Marxism, but its practical application. For if some kind of criticism of the system on a Marxist basis gets started, sooner or later what has been said about the existence of socialism loses its validity, so that the strange situation arises wherein on a Marxist basis a significant portion of the population would consider themselves nonsocialists.

So the political leadership chose the route of not only excluding "heretical" thoughts from official science, but

also giving up the notion of speaking sincerely about theoretical and ideological questions. After that, it could no longer clarify publicly its relationship to basic Marxist values except in the most vulgar form and in cliches.

## II.

This pyrrhic victory against recalcitrant Marxists, which was tantamount to a fiasco, enveloped the system in a state of crisis. Everyone knew that something was wrong with socialism itself, but it was not possible to talk about it in the existing political situation. Since the early 1980's, criticism of the system has been represented by democratic opposition, which, having extricated itself from Marxist terminology, is paradoxically recreating opposition in the Marxist sense. But this is criticism on a totally independent basis. Contrary to criticism in the 1960's, it does not exist within the system. This opposition is beginning to disassociate itself from power and dares to ask questions such as we have been talking about above. Naturally, a loose grouping that is developing into an opposition that avoids the official sphere does not immediately ask questions connected with the existence of socialism. The opposition also accepts the expression "existing socialism," and works out its proposed solutions with the intention of maintaining precisely the status quo. Of course since December 1981, Polish military rule has been an intimidating example, but before December 1981 not even Solidarity in Poland wanted to think about a radical change in the role of the Polish Communist Party and relations with the Soviet Union. Still the Jaruzelski putsch occurred. So it may seem that an attitude of opposition is not adequate in this situation. Let us not forget, however, that opposition is illegal, and it is continually being accused by officials of attempting to break up the system, and it is treated accordingly. It is obvious that in this situation one cannot declare that he is not a socialist. The fact that someone dares to state that he is not a socialist requires a constitutional state to a minimal degree and a basic awareness of legal security. Until completely unambiguous economic and political bankruptcy occurred in Hungary it was not possible to speak openly about anyone being disloyal to the system.

## III.

This bankruptcy marked the appearance and rapid spread of concepts such as socialist pluralism and democratic socialism. After the May 1988 party congress it appeared for a long time that they might help the system survive the ever-deepening crisis of legitimacy. Then a newer self-serving slogan began to spread: Socialism centered in one place, as has existed till now, must be replaced by decentralization; the existence of alternative political organizations must be recognized, and remaining post-Stalinist political structures must be dissolved immediately. But the existing bastions of socialism, in spite of their decrepitude, still remained standing. Naturally, as the crisis deepened more and more, criticism was expressed about the ineptitude of the state and party



leadership, but it was still on a socialist basis. Each organization made sure it could not be attacked on ideological grounds. Even those alternative organizations such as FIDESZ [Association of Democratic Youth] or the Network of Free Initiatives in the summer and fall of 1988 that were suspected of being involved in some kind of nonsocialist ideology and platform adopted this kind of behavior. Those that called themselves democratic socialists gained admittance into the reception rooms reserved for negotiating partners.

When Karoly Grosz spoke about maintaining the single-party system in the great meeting in Budapest last fall, it became clear that the hidden crisis of the past decade and a half had not yet come completely to the fore, because those in power had not yet questioned the axiom of the unambiguous existence of socialism. But it was not long before the crisis became manifest: In February of this year the Central Committee was already talking about the necessity of a multiparty system. This announcement started an avalanche of initiatives.

#### IV.

The statement "I am not a socialist" was a product of this situation of burgeoning expression. Along with the MSZMP's [Hungarian Socialist Workers Party] approval of demands for a multiparty system, it did away with the shadow categories of socialist pluralism and democratic socialism at a single stroke. For how can one define a future multiparty system that can only be realized within the framework of a socialism with an undefined content? Of course many claim that this will really be true socialism. The long-awaited self-directing system, free of bureaucratic stains, envisioned by Marx. It would be more correct to say that we can become free from many things that "dictatorial socialism" has brought, but it is not at all certain that we are at last arriving, again, at socialism. The study published by the historical working group dealing with past decades states that the way that was started in 1948-49 can be regarded as an error in formation. In other words: "appointed socialism." But the only effective way to avoid an error in formation is to return to the values that preceded the error. And to do so even with the conviction that history has not yet discovered a higher-order form of civil existence and political conditions.

So one need not be afraid of saying this, but of continuing to be silent about it. Of course we are not talking about dismantling totally every structure that has been created; that would only lead to a new civil war. But we must talk about a civil alternative. Not because we consider it the only certain solution, but because pluralism without preconditions requires us to do so. In particular, we must throw out the greatest dogma, that only socialism can be an adequate form of development for us. It is even conceivable that at some point there will be socialism, but it is more probable that there will be normal civil parliamentarianism. Let us not forget that attempts that call themselves socialism always appear

and succeed where this politically institutionalized expression of will is fundamentally restricted.

#### V.

But for a long time, giving truth its due, the Kadar system could be considered socialist. What we today call consumer freedom, the relative autonomy of the private sector, also meant some kind of awareness of rules that can be deduced and followed. A guaranteed existence, a rising standard of living, and (for most people!) an undisturbed private life seem to make socialism legitimate. In other words, so-called socialism did not become socialism for the people as the crowning event of some historical world vision, but by having a present existence and a perspective. Individuals could live through it, because as the political leadership removed the questioning of socialism from the list of debatable topics, the system seemed to justify itself. It had rules that could be followed, even though seen with today's eyes the rules seem restrictive and oppressive. Of course—and this is a lesson for today—these rules were only good for a repressed, undivided society. Nothing shows this better than the fact that as the society began to become differentiated, the earlier rules lost their power in an instant. And because the existing socialism mainly kept up unwritten rules (or prohibitions), as the rules lost their content the myth of the existence of socialism became all at once an item on the agenda. If a political leadership and regime cannot create normal conditions under which its citizens can live together, it is obviously ready to be thrown out.

#### VI.

And what should the new rules be like? We cannot yet say anything about them. We are still only in a state of self-identification. Not only in the sense that certain political groups and parties have announced their activities, but also in that these movements have to take ideological standpoints. Up to now this has mostly been taken care of as these groups proclaimed loyalty to a future, purified socialism. We have known which groups stood on which platforms, but scarcely any of them took the standpoint of not wanting socialism. Now we must confront this question more openly. Today it may still seem to many people a heretical idea to want civil democratic or civil radical standpoints to be born regarding future political arrangements. A year from now it will obviously not be so.

Gaspar Miklos Tamas's attitude of "I am not a socialist" is worthy of attention also because at the same time he does want to be a partner in debate. He and many others besides have not been convinced about anything by appointed socialism, which has up to now been the undebated basis.



**Pozsgay Announces New Policy Toward Hungarian Diaspora**  
*25000222 Budapest NEPSZAVA in Hungarian*  
*22 Apr 89 pp 1, 3*

[Article: "Government Wants To Open Up to World Hungarians for National Reconciliation: Speech by Imre Pozsgay at the Presidential Session of the World Federation of Hungarians"]

[Text] Minister of State Imre Pozsgay held a briefing on Friday at a special expanded session of the presidency of the MVSZ [World Federation of Hungarians], regarding thoughts about emigration policy connected with Hungarians living abroad. The politician emphasized, among other things, that the government must rethink its relationship with Hungarians abroad. He added: "In this relationship as well there is a need to develop a new attitude." Referring to the new law on unification, he stated: "The government from now on will regard the World Federation of Hungarians not as an organization under its supervision or subordinate to it, but as an autonomous partner."

"On the basis of the ever-spreading political pluralism in our country, it can be assumed that Hungarians living throughout the world will also rethink their relationships to the old country. This will include some people who up to now have not been willing to consider Hungarian developments. Hungary, as it reforms, has an interest in this, and this thought has started the government opening up toward Hungarians throughout the world.

"Hungary has complied with the whole package of tasks connected with the Helsinki document it accepted in 1975, and it has fulfilled every point of the accord. The Hungarian government and legislature gave practical proof of this when the new passport law made free travel as a right of citizenship possible. Creation of political conditions in Hungary for the opening may motivate Hungarians throughout the world," said the minister of state, who then spoke about the initiatives that the government wants to make in the interest of arousing feelings of having a connection with the homeland among as many Hungarians living beyond our borders as possible. In this connection he stated that in the future, Hungarians living throughout the world should be judged according to their attitudes and their roles. This will also contribute to national reconciliation. The government does not want to falsify events of the past, but wants a new situation in which a former historical event is not an obstacle to regularizing one's relationship to the Hungary of today.

Analyzing what led the government when it arrived at this conclusion, the minister of state said that the existence of potential benefits is undeniable; at the same time, the government would like to convince the world that the most important motivating force of our policy is humanistic and liberating and really serves national reconciliation, whether one speaks of 1945, 1953, or 1956, about which,

in his opinion, open political debate is possible in the name of freedom of speech and of the press.

Imre Pozsgay spoke further about the fact that creation of free travel, emigration, and employment is expected to increase the number of Hungarians living abroad in the future. He called attention to the undesirable phenomenon that after all these concessions it can be expected that the most dynamic part of the young generation will take advantage of this opportunity and leave their homeland, seeing elsewhere a guarantee of their happiness. He added that the government does not want to use forceful measures to prevent this; in addition to respecting human rights, it would like to enter into a competition and fight for a new economic and social turn of events in which it will be profitable for the youth to remain at home. For this, a new economic policy is needed. Economic forces will operate, and people who leave for reasons beyond their control and not because of individual mistakes should not be considered emigrants or labeled defectors.

In connection with the autonomy of the MVSZ, the minister of state brought up the question of Hungarians living in neighboring countries. These people live on territory that has been theirs for a thousand years, but as a result of the forces and political events of 20th century history they have ended up on the other side of the borders of their former country. The World Federation of Hungarians has great tasks awaiting it in organizing connections with them. He added that the government is receptive to all initiatives, and at the same time they are struggling with the confusion that neglect of the matter over many decades and postponement of the resolution of many matters have caused.

A lively debate followed Imre Pozsgay's speech. First of all, Rudolf Ronai urged further improvements to the arrangements for a future meeting of Hungarians living abroad. Guyla Meleghy, who lives in the FRG, called attention to the bureaucratic way in which Hungarians visiting their homeland are treated. Ferenc Ratkai, deputy education minister, urged that intellectual contacts between Hungarians at home and abroad be placed on a new basis and that the former one-sidedness be done away with. He recommended that Hungarian artists and writers be able to become members of artistic unions and cultural and scientific organizations. In connection with relations with Hungarians living in neighboring countries, he stated: "The MVSZ will make great efforts in the interest of the relationship, but efforts in this area have been characterized by a certain diffidence and suspicious reluctance on the part of the countries concerned. We must arrive at the point where the world federation is officially recognized in Hungary as a partner of the nationality organizations. Chances for this are greater today, the atmosphere is milder, and receptivity can be detected strongly in several countries.

Jozsef Karpati brought up the idea of establishment of a nationality office that would be concerned with and deal

responsibly with the affairs of Hungarians living not only in the West, but also in neighboring countries. Jozsef Benyi, deputy foreign minister, informed the presidency that a large group of Hungarians living in the West will arrive in Budapest for the burial of Imre Nagy on 16 June. He expressed the hope that the burial will be a worthy event and that this occasion will not be used in any way to endanger the historic possibilities that the nation now holds in its hands.

According to Gyorgy Nador, director general of the International Cultural Institute, the nation's judgment in the area of emigration will in large measure depend on how Hungarian reform proceeds.

Lorant Czigany, who had arrived from Great Britain, gave voice to the opinion that a condition for modernization of the MVSZ will be a revitalization of individuals.

Miklos Szintar, speaking about the future National Theater, said that even though the theater is to be built with state funds, support from Hungarians living abroad cannot be dispensed with in the future. He reported that they want to announce a competition, in which every architect in the world who considers himself Hungarian will participate. According to expectations, the new institution will be the center of Hungarian-language theater, and it will provide a home for an annual festival of the Hungarian theater.

Representing the churches, archbishop Jozsef Bank emphasized the necessity of guaranteeing conditions for pilgrimages. He also referred to the role of religion in mother-tongue preservation. Bishop Karoly Toth recommended that the world federation appeal to the UN for formulation of a charter on the rights of minorities.

**Slovak Sentiments Toward Hungary Probed**  
*25000315b Budapest NEPSZAVA in Hungarian*  
*3 Jun 89 p 6*

[Article by Imre Krajczar: "Hungarians in Czechoslovakia: There Is Something To Be Lost"]

[Text] For decades, official policy and public opinion traveled different paths in judging Hungarian-Czechoslovak relations. These paths have not come closer to each other. On the contrary, on both sides of the path they recognize that the distance between them has increased. Today's relationship between Budapest and Prague cannot be viewed in the peculiar reflection of still water—not even figuratively speaking. This was made impossible by the turnarounds and differences in opinion regarding the Bos-Nagymaros barrage system. But the features of recent years and months are also characterized by sincere statements which are sometimes coarse, at other times lend themselves to misunderstanding, and which, departing from an old, dusty tradition, intend to provide information only, and not to pay

compliments. There are people who attribute significance to the intent of these statements. This is a new development. These statements are made not only to influence the atmosphere, but also to formulate policy.

In late May I discussed one of the most natural effects of new developments with politicians, journalists, Hungarians, and Slovaks in Pozsony [Bratislava]. We talked about the extent to which Hungarian-Czechoslovak relationships depress the public mood. They do so primarily in Czechoslovakia among members of the Hungarian nationality.

**Phase Difference**

Jozsef Kiss is a member of the Communist Party of Slovakia CC [Central Committee], and editor in chief of the party's Hungarian language newspaper UJ SZO. He will not deny the obvious: Certain steps taken in Budapest do influence the situation of Hungarians in Slovakia. This is so because some thoughtless, instinctive, subconscious reactions are unavoidable. "We received indications of this kind," Kiss says without going into the obviously unpleasant details.

[Kiss] "The Budapest decision concerning the barrage system was not preceded by substantive, bilateral consultations. It did stir up some emotions here. I could say similar things about the memorable Dubcek interview conducted by Hungarian television. That matter placed me personally in an uncomfortable situation. Literally uncomfortable. I was vacationing in Eastern Slovakia. The moment I read both the Pozsony and Prague newspaper headlines I bought an airplane ticket and returned to Pozsony. I am convinced that in situations like this emotions should not be given a green light, and that restraint is the proper attitude. Any different kind of press reaction would be contrary to the objectives of our editorial offices."

[NEPSZAVA] "Could we hear more about this?"

[Kiss] "There is no need for too much detail because your newspaper, NEPSZAVA, reported our endeavors truthfully in the article concerning nationalities and the Hungarian language press. Among these there is a new endeavor: We want to provide a forum for the political trend which is also gaining expression in the press, the main thrust of which is tolerance, a genuine attraction and interest in each others' values. Perhaps you believe that we are aiming for the maximum, but we would like to see as soon as possible the evolution of an outlook which, by strengthening this consciousness and by toning down the instinctive reactions, would first bring politics and public thinking closer together, and then would establish an unbreakable linkage between them.

"When I mentioned public thinking I had in mind the entire community living in Slovakia, and of course particularly the community in whose language this newspaper is published. It is one of the cardinal requirements

of journalism which advocates tolerance to be more closely tied to realities. To realities which take shape in subject matters, in global and national political determinations, and in the daily political decisions of our more immediate homeland, and similarly, to the reality established by nationality existence, the reality produced by material, intellectual, and moral values. How would all this fit into the most recent turn of events? One way it would fit is that while we must not forget the fact that the goals of Prague and Budapest do not always coincide, we could, in the name of tolerance, supplement these by an explanatory statement: There always existed a certain phase difference between Czechoslovakia and Hungary. If we recognized this in general, it would be appropriate also to recognize this specifically with regard to the present situation. At this point, of course, I did not express an opinion on either the voices critical of Czechoslovakia or Czechoslovak policies that were published in Hungarian mass communication media, or about government policies pursued in Budapest, which our public opinion—literally ours, the nationalities' public opinion—receives sometimes with certain reservations."

I would like to discuss these reservations with Vince Magyarics, member of the Czechoslovak Communist Party's Revisionary Committee, chairman of the Western Slovakia District Control and Revisionary Committee of the Communist Party of Slovakia. I arrived at his office at eight o'clock sharp for the prearranged interview—he arrived at the same time. Before his arrival he had discussions elsewhere. "I must know everything that takes place in the district, even if a haystack is on fire somewhere," he excuses himself, then adds that at this time not only the interview would be out of the question, but also the background information he was so pleased to volunteer the day before. Not as if someone would be impeding him or perhaps would have prohibited him providing such information. On the contrary: He would be pleased to avail himself, but just the other day he granted an interview to UJ SZO concerning the party revisionary-disciplinary situation. He suggests that perhaps I should read that, perhaps even in its manuscript. (I received the manuscript at my editorial offices prior to its publication.)

### Who Pays the Bill?

An interview is out of the question—we are conversing. He hands me a brochure written in Slovak, but its title and title page leave no doubt that I am holding in my hand that peculiar "paper weight" of the gravest issue: the easily digestible dissertation which reports on the Bos-Nagymaros barrage system, filled with graphics and statistical data.

Neither of us begins reading the brochure: The conversation is friendly and exploratory. It soon becomes apparent that neither the well-spoken Magyarics, who always represents the Czechoslovak positions extremely consistently and in a tactical fashion, nor the person

accompanying me, nor I—in other words, no one from this ensemble endeavors to increase the existing variables in tension.

"We live here," says our host, off the record, about the situation well known by everyone anyway, then proposes a program modification. Let's not discuss my possible questions now, let him tell me about his experiences. But he will not entrust these experiences to memory which cannot be immunized anyway against error and distortion: He pulls out his notes. They were taken at party gatherings in Southern Slovak villages, complete with the names and addresses of those who spoke, and, wherever necessary, with their characterizations. We may dispense with this kind of thing. He mentions names and underscores the viewpoints presented by providing addresses. It turns out that the Hungarian nationality of Southern Slovakia has "raised its eyebrows." It suddenly became restless because of the rapid pace of events in Budapest, suspecting that someone somewhere will have to pay for them. And that "somewhere" is there, according to the decades-old reflex.

I am listening to the chronicle of a village membership meeting. It sounds like the minutes of a meeting. Every second speaker had something to say about us. "Chaos." "Mistaken tempo." "We know what's going on here. The question is whether they know what's going on in Hungary." These are the leading invocations, and if I did not believe Vince Magyarics, I would think that he was conveying the sense of some kind of a prepared public mood, one that has hardly anything to do with reality. It has to do much more with what the people "above" would much like to see and hear.

We are conversing, as I said. My host reminds me several times that an interview would be out of the question, it does not even occur to me to take out my tape recorder. I grab my pen only when a heavy-handed declaration is made for the second or third time, regardless of whether it comes in response to a question or is unsolicited. This kind of thing, for instance: "What sense would it make to open a new front between Budapest and Prague particularly at a time when the Hungarian-Romanian conflict has become adverse?" The people, those of the Hungarian nationality, are concerned. They are not concerned where this could lead somewhere in the historical future, it is of much greater concern where this leads in the days and months of public life. Who is going to pay the bill?

### Improving Situation

Incidentally, some odd columns of numbers are mounting on the bill. One of these columns shows that although not free of contradictions, the situation of the Hungarian nationality is improving. In terms of both education and success, as well as with regard to enforcing peculiar Hungarian nationality-minority viewpoints, which we may regard as the fulfillment of Hungarian life. The other column of numbers suggests one of the eternal lessons learned in politics: Anything in which we believe

that must be transferred from the domain of possibilities to the domain of realities must be fought for. Simply put: If we wish to compare laws with the actual situation and constitutional opportunities with everyday political schedules, we must also assess the situation as to what took place to fill the vacuum between the two, so that those who made the declarations can find a point where they meet with the everyday world.

In examining the situation of the Hungarian nationality it becomes apparent at first sight: It would be out of the question to say that everything is in good order. But it is equally apparent that there is something to be lost. And this is more than what the classics of Marxism mentioned in terms of the proletariat in those days. Not only the links of a chain are at issue. There is something more valuable to be concerned about. There are things to be concerned about, and there are things that are worth caring about. It would be worth our while to follow up on these matters.

#### **1956 Freedom Fighter Intent on Resettling in Hungary**

25000320b Budapest NEPSZAVA in Hungarian  
14 Jun 89 p 5

[Article by Jozsef K. Horvath: "Sentenced to Death in Absentia: I Did Not Regret My Deeds in 1956"]

[Text] Perhaps the telex machines in editorial offices were churning out the news of the supreme state prosecutor having appealed the case of Imre Nagy and his associates, suggesting that the judgment violating the law be declared null and void, and that the innocent convicts be excused, when Laszlo Banyai entered my room and asked me to listen.

After 32 years he had returned from Australia with a special permit. Such permits are issued to persons residing abroad who as a result of their activities in 1956 have not been able to return repeatedly [as published] to their native land. Laszlo Banyai was sentenced to death in absentia. He was sentenced to death among other matters because on 24 October he shot a Soviet noncommissioned officer in front of the Kisperst Textile Works. He was also primarily responsible for starting the "counter-revolution" in Lorinc. He was deprived of his Hungarian citizenship, and during the past 32 years he has not been able to come home even for a minute.

#### **Openness Exerts Control**

[Banyai] "Twice I would have had good reason to return. First I wanted to visit my daughter in 1980. She was very ill at the time. Four years later I asked for a 12-hour entry permit to attend my brother's funeral. I did not receive permission. My name was on the list which contained names of persons whose applications to return home could not be approved. And although the leaders of the Budapest Soccer Club Sydney, of which I am a member,

organized several flights to Hungary in the early 1970's, due to the above circumstances I was able to participate only in preparing these trips."

[NEPSZAVA] "How did you learn that you may now return?"

[Banyai] "At present I am sports editor of the Hungarian language newspaper MAGYAR ELET, and I also accept work from the Hungarian language radio broadcast in Sydney. I was at work when a telex message informed me that Hungary would permit us to pay a visit at home. I instantly called the Hungarian consulate, and the consul confirmed the authenticity of the message. I may return to my native country with a 30 day visa valid for a single entry."

Even behind his glasses one could tell that the eyes of the 64-year-old gray-haired man faded for a moment. The same way as when he heard the great news: the fact that, even though temporarily for the time being, he may visit at home with his daughter, he may see the graves of his parents and brother, and may find his old friends.

Immediately upon his arrival he paid a visit to the NEPSZAVA editorial offices so that for the first time in his life he could publicly reveal what he did in October 1956, what his "crime" was and why he was forced into emigration for 32 years.

I cannot verify the truth of his words, of course. But I do not even want to do so. Because if someone carries those tons of burden placed in his soul by injustice for 3 decades, I do not believe that that person would distort the story once the opportunity for revelation exists. This is so, if for no other reason, because he must reckon with the readers' control, possibly with their comments. Consequently, the actual course of the Lorinc-Kisperst events will become clarified once and for all. The hope of objective reporting is also nourished by the fact that in presenting his story Laszlo Banyai talks about his own deeds, and does not make statements concerning others.

[Banyai] "On that dawn of 24 October 1956 my wife and I went to work as usual to the Kisperst Textile Works. My wife worked at the warehouse office, while I was a lathe operator at the same place. We arrived there at 6:00, but we could not enter the factory because the guards did not let us in. A huge crowd gathered at the gate, mostly women because it is a textile factory. Meanwhile word spread that overnight in Budapest there were shootings and that Soviet tanks were on the streets shooting at people. There was one tank stationed in front of the nearby Red Star Tractor factory; also the workers there were not allowed to enter the factory premises. This T-34 ground its way in front of the textile factory around 10:00. Emerging halfway from the tank, a noncommissioned officer encouraged everyone to go home. 'We are at home, you go home!' the crowd responded. One word followed another. The verbal duel was fought in half Russian, half Hungarian. But the crowd needed no interpreter to understand that they were fascists. The

next moment the noncommissioned officer fired a machine gun volley into the crowd that did not want to leave the factory gate. Several people were wounded, but the Soviet soldier did not permit us to attend bleeding women lying on the ground. In vain the crowd threw stones at the tank, the soldier continued to hold the unarmed workers in check. Noone was permitted to go near the wounded.

"Even the guards may have become frightened upon hearing the shots. Noone occupied the guard posts. Unnoticed, a few of us snuck into the factory in order to obtain weapons. We found noone at the party office, the room was gaping empty. Finally in one of the rooms we found a small rifle capable of firing a single shot—in earlier days it was used at sporting events. Thereafter the six of us climbed to the attic of the Kozert store adjacent to the fence. We took a few tiles off the roof, so that we were facing the tank. The noncommissioned officer who stood in the tank with his body outside the tank from the waist up could have been perhaps 30 meters away from us. He noticed our movement and fired a volley toward the roof. Three of us returned fire, it is very likely that I was the one to hit him. I was a good shot already in the Levente movement, and this time I took good aim. Immediately following the shot the soldier fell back on the tank. Thereafter his comrades pushed him out of the tank. Then they closed the top of the tank and rolled away. To scare us they fired another gun shot, but fortunately that shot did not hit anyone. It whizzed away along the railroad tracks.

#### **Brand-New Submachine Guns**

"On the following day, the 25th, I once again left for the factory. My wife wanted me to stay home, but I felt that I had to go, I had to do something. Many people gathered on Lajos Kossuth square, in front of the Lorinc police station. They wanted weapons. They permitted three of us to enter the police station to discuss details. Lieutenant colonel Papp, the police commander, first declined to hand over weapons; he did not want to see blood shed. Later on he gave in however, and we acquired brand new submachine guns.

"Actually it was at this time that the uprising began in this part of Budapest. Beginning at Hatar Street we controlled one part of Kispest and Pestlorinc, all the way to Pestimre. This was an important strategic area for Soviet troops, because Ulloi ut—today's Avenue of the Red Army—also served as a supply and staging route.

"When the government acknowledged that a fight for freedom was going on in the country, our insurgent group officially transformed itself into a national guard unit. We excluded from among ourselves the ordinary criminals, the ones pointed out to us by Lorinc police officers. I was chosen to command the group. Beginning on 28 October leaders of the uprising were called for consultations by Imre Nagy's people. We began distributing national guard documents on 30 October. Their

authenticity was attested to us by Sandor Kopacsi's signature and stamp. It is true that beginning on 30 October shooting had stopped in our vicinity; we abided by the government's proclamation. By then the national guard unit was concentrating mainly on maintaining public order, and tried to maintain relative calm. It was our added duty to distribute food to the populace. Such food was provided by the plants located in the area, and cooperatives from the countryside gave food to the insurgents as gifts.

#### **Thousands Are Still Afraid**

"Following the defeat of the revolution, the police began to prepare reports. This was a formality, in part—most everyone knew what the others had done. The report prepared in Lorinc for example, included the fact that shots were fired from the Soviet tank on 24 October in front of the textile works. Nevertheless, at the time my mother first visited us in 1971, she told me that later on such references were omitted. My mother was present when I was sentenced to death in absentia. She cried when she told me at our first reunion: 'You should have lived through, dear son, what I had to hear of you as a widow!' I did not count on being sentenced to death. One remembers that a number of promises were made by responsible leaders that participants in the uprising would suffer no harm. I feel that I had good reason to be shocked when I heard the terrible news.

"Most certainly I am the first one from Australia to return home with such a permit. I will have followers, because when the Australian radio announced that I was about to return, many people called to let me know that they would also be coming. In the name of those Hungarians who remained in Australia's Melbourne and Sydney I would like to place a wreath on Imre Nagy's and his associates' funeral out of the 80 Australian dollars we collected. I hope that the appropriate authorities will permit this.

"You asked whether I was afraid to return despite credible assurances. To be frank: I was afraid. The anxiety, tension, and uncertainty continued until I got through the thorough passport control at Ferihegy. Although the consul in Australia told me not to be frightened, he said nevertheless that I could count on a thorough check by the border guards. And that's how it was. I virtually perspired while they looked me over a number of times, until they verified the data. But I felt at least that relieved when I saw that everything was in order. It so happened, that my conscience was always clear and I never came to regret what I did in 1956. Actually, I did not harm a single Hungarian, I just wanted to serve my country. My "crime" is that I could not be a passive observer as they were shooting at unarmed people.

#### **Confidence Follows Action**

"Next year, at the age 65 I will receive a pension from the state. If possible, I would like to resettle in Hungary.

Although life is wonderful in Australia, nothing ties me to Australia. My parents' and my brother's graves are in Kispeszt, my daughter lives here, and my grandchildren live here. I would like to spend my remaining years with them.

"For similar reasons thousands in Australia are pondering similar thoughts. But out of fear they did not have the courage to embark on the road toward home. Perhaps I will be able to contribute to changing the image they have of Hungary by writing a report in *MAGYAR ELET* about the 30 days I will stay here. But in my view, real confidence can be regained only by a renewal in Hungary, and through deeds."

## POLAND

### **POLITYKA Weekly News Roundup** *26000557b Warsaw POLITYKA in Polish* *No 24, 17 Jun 89 p 2*

[Excerpts]

#### **National News**

[Passage omitted] "Union of the Elite?" is the title of an article in *RADA NARODOWA* (No 23) about an initiative of presidents of six northern cities, who have formed a "union of presidents of cities." *RADA NARODOWA* is critical of the initiative and comments that although the idea of cooperation among cities and gminas is appropriate and sanctioned by law, it falls within the jurisdiction of the local self-governments and the representative bodies. "It would be good if the council members reminded the administrative bodies of this today."

The Polish Episcopate has published a pastoral letter on environmental protection. "Poland cannot be one great waste dump."

Judge Włodzimierz Skrzypinski, spokesman for the Supreme Court, denied rumors that records of cases examined by military courts in 1944-55 have been destroyed with few exceptions in order to prevent rehabilitation of those convicted and to remove traces of illegality. The state of the archives of the military justice service makes it possible properly to carry out the process of rehabilitation.

Protests against the events in China continued. Members of the Polish Helsinki Committee sent a letter to the UN in which they write that the actions of the Chinese authorities are a violation of the Declaration on Human Rights. A group of young people have begun a hunger strike in front of the PRC embassy in Warsaw. Protest demonstrations have been organized in several other cities.

The Central Office of Statistics on wages: in 1981-87 wages increased at an average rate of 25 percent. Wages increased the most during the first two years and in

1988. The wage structure consists of 53 percent basic wages, about 10 percent various supplements, 13.5 percent premiums and commissions, 8.4 percent overtime, and 2.2 percent allowances. Wages in the material-production sphere were 20-22 percent higher on the average than in units financed from the budget. Women's wages were 28 percent lower on the average than men's. The highest wages were earned by individuals 40-49 years old; the lowest, by working individuals older than 66. [passage omitted]

Dega, the private toilet paper producer in Bramki near Ozarów, owned by Grzegorz Swierczynski and Janusz Niedziński, was founded in August 1988, and since February it has been working with a four-brigade system. It employs 32 individuals and supplies the capital with 8,000 roles of paper daily at 95 zloty a roll. It is unnecessary to add that the owners are making no small profits and intend to start up another machine producing 26,000 rolls daily. The businessmen have received a 50 million zloty loan, and the entire investment has cost 100 million zloty. Meanwhile, the state paper industry is considering how to solve the "toilet problem." It is necessary to spend 41 billion zloty and \$34 million, and the price of a role would be between 200 and 700 zloty (at the largest plant in Kwidzyn). [passage omitted]

Who's Who News. Wojciech J. Baranski (age 63), doctor of military science, head of the Main Board of Combat Training, PZPR member, has been named ambassador of the People's Republic of Poland to Cuba. Tadeusz Porebski (age 58) professor of technical sciences, in 1981-88 a member of the Politburo of the PZPR Central Committee, deputy marshal of the last Sejm, has been named ambassador to Yugoslavia. Edward Sabik (age 58, PZPR) philologist, employee of the foreign service, recent director of the department of personnel and training of the Ministry of Foreign Affairs, will represent Poland as ambassador to Portugal.

"Katyn." The list of victims and missing prisoners of war from the Kozielsk, Ostaszkow, and Starobielsk camps is the newest publication of ALFA Publishers. Andrzej L. Szczesniak is the editor and wrote the introduction. Printing, 100,000 copies. Price, 1,200 zloty.

On Monday in Lodz, there was a meeting of the contending leaders of Solidarity: the regional organizing commission supported by Lech Walesa and the Board of the Lodz Region. Under pressure from the union rank and file, they agreed to form a joint commission which will handle the registration of the plant commissions in the region and the election commission which is preparing for the election. Andrzej Slowik, head of the Board of the Region, said that body will surely support these decisions; Ryszard Kostrzewa, head of the regional organizing commission, promised that he would make every effort to have the regional organizing commission agree to it. This would mean the end of the division within the Lodz Solidarity.

The Association of Polish Journalists has been registered. GAZETA WYBORCZA reports that president Stefan Bratkowski was presented with the stamp of the old Association of Polish Journalists, which "has survived several searches hidden in grain coffee."

PRZEGLAD TYGODNIOWY (No 25) discusses the distribution of official and private cars, which replaced the old system of assignments. The distribution is established by the Ministry of the Domestic Market and includes 111 items: for example the Sejm received 151 cars (including 118 Polonezes); the Office of the Council of Ministers, 2,650 (including 2,274 Polonezes); the Ministry of National Defense, 280; the Ministry of Agriculture, Forestry and the Food Industry, 3,778 (of which 3,200 are for various agricultural services and veterinarians); the Ministry of Health and Social Services, 2,230; the PZPR Central Committee, 337; the ZSL Main Committee, 88; the SD Central Committee, 52; and the voivodships, from 400 (Warsaw) to 60 (for example, Biala Podlaska).

Died. Wlodzimierz Oliwa (age 64), general arms, Chief Quartermaster of the Polish Army, deputy minister of national defense. [passage omitted]

#### On the Left

[Passage omitted] The number of victims in clashes between Uzbeks and Meskhetian Turks has risen to 71 (7 June). The Meskhetian Turks, whose number is estimated at 300,000 (160,000 live now in Uzbekistan, the remainder live in other Central Asian republics) were resettled by force by Stalin in 1944 from southwestern Georgia.

"In comparison with Hungary, Poland, or the USSR, Prague is still asleep. People in Czechoslovakia live in fear, and they also fear they will lose their personal property," said Jiri Menzl, the well-known film director, in an interview for MAGYAR NEMZET.

During the ceremonial funeral for Imre Nagy and his coworkers planned for 16 June 1989, at which the organizers expect several hundred thousand people, a special civic service will keep order: 2,000 young people, from which the political organizations and parties created the so-called temporary national guard. The Hungarian premier will participate in the funeral. (article, page 13)

"The problem of the resettlement of the Bulgarian moslems to Turkey never existed and does not exist for the simple reason that there is no international agreement, or religious or philosophical principle according to which every moslem in Bulgaria or anywhere else in the world would be considered a Turk," RABOTNICHESKO DELO, the journal of the BCP Central Committee, emphasized in an editorial. [passage omitted]

For the first time permission was granted for 31 individuals from Albania to visit Greece as tourists. In Greece,

their trip is being treated as an "historic event," which not long ago could not even have been imagined. The first group of tourists consists of sculptors, painters, architects, and hotel directors. [passage omitted]

The opinion of Prof Ilcho Dimitrov, the Bulgarian historian, on the report in MOSKOVSKIE NOVOSTI (POLITYKA No 21) that Stalin, in panic at the progress of Hitler's offensive in the summer of 1941, reportedly asked Bulgarian diplomat Stamenov in Moscow, through Beria, to serve as intermediary in peace talks with Hitler: "Stamenov died a few years ago. I talked with him. He never even mentioned such a feeler. I also never heard him ever speak of the matter. Perhaps he was afraid to reveal the secret, which the Soviet leadership had every reason to keep secret. It is not impossible. I am inclined to believe that Stalin's intentions never reached the Bulgarian diplomat. . . . In our archives, I have never encountered any trace of a possible mission given to Stamenov. If such information reached Czar Boris, he would immediately have forwarded it to Berlin." [passage omitted]

"Producers in the socialist countries, in accord with the decisions adopted by the CEMA, are obliged to provide the proper amount of spare parts for 10 years after the shipment of vehicles. Unfortunately, as dreary practice shows, these decisions have not been observed," the director of the Motokov firm said in an interview with RUDE PRAVO.

LUMEA in Bucharest has printed positive comments by the chairman of the commission of foreign relations of the Mexican senate about his visit to Romania: "We applaud and admire the great effort the people and government of Romania made to pay their foreign debt. . . . We think that it is a truly historic achievement. Romania is so far the only country in the world which has succeeded, which makes it a paragon. It will permit Romania to develop in complete independence and become a factor in cooperation and support for the developing countries. . . . I visited many rural villages where I saw nice houses, happy people, cultivated fields, land well used, a high standard of living, which made a positive impression on me. In Mexico we have seen the campaign conducted against Romania by some political circles in conjunction with the supposed 'destruction' of villages."

Janos Berecz, former member of the MSZMP Politburo and secretary of the Central Committee: "In the MSZMP today there are two wings; Pozsgay leads one, Grosz the other. I belonged to neither. For a time I was a buffer between them. Now they have decided that they do not need a buffer. They want to grapple with one another directly."

#### Opinions

Prof Dr Wacław Szubert, lawyer: (PANSTWO I PRAWO May 1989)

"Unfortunately, as the blank spots are removed, black spots appear burdening individuals in the legal community who played ignoble roles during the Stalinist



period.... Recently the circumstances of the issuing of a death sentence against one of the heroes of the Home Army in 1952 were made public (the sentence was performed, posthumous rehabilitation occurred in 1958). Among the members of the three-judge panel of the Supreme Court that handed down the sentence was a subsequent representative of legal scholarship, who is now a retired professor of one of our universities. This fact arouses the deepest unrest. It is difficult to think that someone who made decisions in those political trials, especially those conducted in special and even in secret tribunals, was unaware of their real character. This puts a heavy moral responsibility on the legal community, a responsibility that cannot be wiped out by the passage of time." [passage omitted]

*Andrzej Piszczel, deputy recommended by the Solidarity Citizens Committee from Wroclaw:*

(Interviewed by Katarzyna Wyzga, *NOWE ZYCIE* 4-17 June 1989)

[Question] What role do you think the Catholic Church can play with its increasingly dynamic social significance in the better development of our country and its economic life? . . .

[Answer] In the economic sphere, the Church can play a significant role. Poland needs to develop in many areas of material production, and it appears that there are no obstacles to the Church manifesting its presence in this sphere. I am thinking of help and cooperation in creating various types of cooperatives of which we have historical examples. The need is primarily for small-scale manufacturing. The Church can truly function as an organizer, and we should not interfere in this effort. [passage omitted]

### **Leading Green Movement Members on Future Political Roles**

26000585 West Berlin *TAGESZEITUNG* in German  
31 May 89 p 12

[Interview with Leszek Konarski and Zygmund Fura by Valentin Thurn: "'The Government Is Looking for Green Collaborators.' Two Leading Members of the Environmental Party, Konarski and Fura, on the Function of the Polish Greens"; date and place not given; first paragraph is *TAGESZEITUNG* introduction]

[Text] The Polish Green Party (Polska Partia Zielonych, PPZ) was founded in Cracow on 10 December 1988. The PPZ is Eastern Europe's first Green party and has about 2,000 members.

[*TAGESZEITUNG*] Why are the Greens not participating in next Sunday's parliamentary elections?

[Konarski] As a party we cannot do that, because under law we do not exist. We are neither legal nor illegal.

[Fura] Our working principle is: What isn't forbidden is permitted. But as long as we are not registered, we cannot participate in any elections. At the moment this wouldn't be at all wise, since every additional candidate splits the opposition vote.

[Konarski] A further consequence of our existence in the legal vacuum is that as a party we cannot organize rallies or demonstrations. We must either do it illegally or register via private persons, as we did for Antiatom Day on 20 March, on which 2,000 people demonstrated in Cracow's market square.

[*TAGESZEITUNG*] Officially the Greens support the candidates of Solidarity. But, at the same time, two weeks ago, Green spokesmen, Henryk Sobanski and Janusz Bryczkowski, were received by General Jaruzelski in Warsaw. The visit was carried by Polish television. Are the Greens now officially recognized, even ahead of all the other independent parties?

[Konarski] We want no privileges. We are fighting for a multiparty system in which all other parties are also authorized, on the model of Hungary. The visit to Jaruzelski was hotly debated among Greens, and our regional associations were categorically opposed to it. We should expel these people from our party.

[Fura] The government was looking for Green collaborators, and it found them. The people who were with Jaruzelski come out of the Communist Party, and even with green wrapping, still they remain red inside. They let themselves be used by Jaruzelski. This meeting in Warsaw was only the opening of the government's election campaign.

### **Citizens Militia Social Council: More Oversight Assured**

26000575a Warsaw *RZECZPOSPOLITA* in Polish  
1 Jun 89 p 2

[Article by (ol): "Citizens Militia Social Council Formed"]

[Text] "The Council is to promote the conditions for developing and broadening public control over the activities of the Citizens Militia and stimulate progress in the law and order situation," declared General Zenon Trzcinski, commanding officer of the Citizens Militia during the first session of the Social Council for the Citizens Militia, held on 31 May.

The Council as an advisory-consultative body attached to the commanding officer of the Citizens Militia was established by the minister of internal affairs. It is to issue opinions and recommendations on crime control, the maintenance of law and order, and the effectiveness of actions of the militia, the advancement of its professional skills, the civility of its services, the quality of its equipment, and the popularization of its activities among the public. Professor Stanislaw Kwiatkowski, director of the



Public Opinion Survey Center, became the Council's chairman. Representatives of various constituencies of the public are among members of the Council.

"We realize," Gen Trzcinski stressed, "that combatting violations of the law and pathological occurrences cannot be the sole domain of the agencies specializing in upholding law and order. For years we have been striving to expand the public system of crime prevention and neutralization of crime-causing factors. We invite all those who want to strengthen the rule of law to cooperate with us.

"The more so considering that despite the downward trend of crime (508,000 cases in 1987, 475,000 in 1988) the threat remains high. Crimes of economic nature, directed against private and public property, predominate."

Summing up the first session of the Council, Gen Trzcinski voiced his belief that the experience and wisdom of the Council members, their personal and civic virtues, shall contribute to effective action, greater rule of law, and greater legal awareness of the public.

#### **Environmental Protection Inspector on Job Difficulties**

26000579 Warsaw RAZEM in Polish  
No 22, 28 May 89 p 18

[Interview with Wojciech Swiatek, director, Department for Inspection of Complaints and Suggestions, State Environmental Protection Directorate, by Iwona Konarska: "Feeding the Wolves"; date and place not given]

[Text] [RAZEM] Are you satisfied with the performance of the your department?

[Swiatek] We have an impressive name but it must be admitted that in reality we are only a small cog in the machine, one of the control services. I cannot feel quite satisfied with my performance, because adequate methods for cooperating with other institutions are still lacking. Moreover, so are adequate laws. Example: the notorious affair of the storage of foreign garbage. Ten years ago legislators had not foreseen such a situation and that is why it is only since a few days ago that we have been legally empowered to impose penalties for the importation of toxic wastes. Previously we had the power to intervene only when the actual storing was taking place. The revised decree has, I hope, clarified many obscurities of this kind.

[RAZEM] You not only perform spot inspections with the object of immediate action but also longrange and subsector inspections such as inspections of all dairies. What are the concrete, measurable effects of your work?

[Swiatek] To begin with, let me elucidate one thing. The purpose of inspection is to verify facts, monitor, and

penalize. Inspection will not build a liquid waste treatment plant! Building such plants is required by environmental protection regulations, and all we can do is to offer reminders of that. Thus, as an inspection agency, we exist in a special situation. A desirable effect of our activities is to accelerate and spur, e.g., the completion of a project design or of the construction itself of, say, a waste treatment plant. Our other mode of operation is to ask the proper state agency to obligate a plant to install anti-pollution facilities. For while a waste treatment plant is required by the law, dust filters are not. The necessity of installing them results from a separate order.

[RAZEM] The system of fines mandatory in this country has come under broad criticism. It still pays to litter and pay fines.

[Swiatek] You are oversimplifying it greatly, but it must be admitted that monetary fines are not effective. They still are too low, even though they are being successively raised; they lag behind the price hikes and the rising cost of investments. A particular example of this absurdity may be a case I had encountered 2 years ago. At the time the cost of operating a small liquid waste treatment plant was several thousand zlotys daily, but the fine for infractions was several score zlotys. If fines are to be at all effective, then only if they are consistently exacted. For some time now the pardoning of fines has been abandoned. For the future plans exist to reform the assessment of fines by linking it to the economic system, that is, to real costs. Let us also bear in mind that the system of penalties includes as a final resort ordering the shutdown of a factory. This too is being applied. In general, it cannot be said that unless we have an efficient system of fines we cannot speak of environmental protection. Often, too, a different doubt arises: should the financial loss burden every employee of the plant being penalized?

[RAZEM] This kind of personification of penalties probably has its adherents.

[Swiatek] Yes, because behind every ecological disaster there is a particular individual who is judged in a court of justice and may even be jailed if the neglect is criminal. Since we are speaking of crimes against environmental protection, the problem of proper operation of facilities is worth noting. Well, the absence of environmental protection facilities is not a crime, but the failure to use the existing facilities is. Legal safeguards have been provided for the proper use of the existing facilities. If despite material shortages a waste treatment plant is built, it must be operated. I must admit, though, that many of our recommendations are not followed up precisely for objective reasons. In the presence of a shortage of cement, priority must be given to building a children's nursery, whatever else the laws might say.

[RAZEM] Do you view optimistically the rising public commitment to environmental protection? In this sense the public is your ally.

[Swiatek] Not quite. The public still believes that the authorities should be attacked and that the machinery of the administration is inefficient and ponderous. Ecological organizations seem to think that we can do anything, that as soon as a law is violated we can immediately padlock the offending plant. I would prefer for such demands to be addressed to the plant's parent agency rather than to the environmental protection agency. Another problem is the absence of tried methods for cooperation; the conclusions formulated are often hasty.

To initiate proceedings, specific proof is needed, whereas the public is ruled by emotions. This may be exemplified by the construction of the Pruszkow II Thermoelectric Power Plant. Fears arose that it will not operate electrofilters, but such filters are not feasible technically there. We do admit, however, that this project was improperly planned. In this sense, our documented opinion is consonant with the public's feelings. Still, I look regretfully at the waste of the public's energies. We keep getting demands relative to matters which have already been unambiguously elucidated.

[RAZEM] It would be difficult to claim that in the past the society has suffered from a surfeit of information.

[Swiatek] Of course, overwrought emotions and violent demands are the price we are paying for years of silence. Nowadays everyone is either an economist or an expert in nature conservancy. As a result, the unprofessional arguments of the public are easy to refute, and this is what the [smokestack] industry lobby is doing.

[RAZEM] How do you view the demands for forming that ultimate ecology movement, namely, the Polish Party of the Greens?

[Swiatek] In my opinion, this is not an effective approach to environmental protection. I have been taught that the purpose of political parties is to gain political power. But politics does not end with ecology, and ecology is not the sole determinant of politics. There are many other problems: food, housing, manufacturing. If the party of the Greens is to translate its program into reality, it will probably neglect other things. In a couple of years we would thus be living in a pure but vacant landscape, without petrochemical and tanning plants. Another danger is the impossibility of implementing an idealistic program. Already years ago a party of another color, the PZPR, postulated that in 5 years every plant would have its own liquid waste treatment facility. This turned out to be unrealistic because if this were applied to, say, sugar plants, 64 of the existing 78 plants would have to be shut down today. Thus one cannot climb the podium and declare, "I'll see to environmental protection." Concern for nature should pervade other measures with a broader economic context. It is true, however, that any candidate for a Sejm seat who offers an ecological program is assured of votes.

[RAZEM] Let us return from politics to quotidian life. Many instances of negligence ensue not from objective but from subjective causes, from a "we'll muddle through somehow" mentality.

[Swiatek] Of course, if the construction of liquid waste treatment facilities has been so sluggish in the last 10 years, that is the fault of not the situation but the successive managers. This is criminal and evident neglect.

[RAZEM] Is the volume of your mail from the public greater than ever?

[Swiatek] The surge of mail is rising, but it is rather orchestrated mail, as in the instance of the notorious POLAM Plant affair. The emotions are huge. It is a fact that the plant is not meeting the operating requirements and an order to cease its operation has already been issued.

[RAZEM] So the POLAM has been thrown to the wolves?

[Swiatek] The decision to halt the operations was not ours but that of the minister of industry. Our studies show that an environmentally favorable modernization of that plant following its temporary shutdown is possible. A side effect of this affair has been the decision to inspect all mercury-using plants.

[RAZEM] Despite your reservations about the public's interest in ecology you must have a vision of positive cooperation between the inspection agencies and the citizens.

[Swiatek] At this time social organizations are contacting me for information and thereupon sending me letters demanding changes for the better. This is an absurd kind of push and shove. Yet, my dream is to be visited by groups of citizens bringing studies they had prepared themselves. I do not have any such studies at present and I would really appreciate having them. In reality, though, nowadays the public acts solely as a claimant—and this prompts a kind of inner resistance in the officialdom.

[RAZEM] Your situation as a monitoring agency is basically tragic. You are acting on behalf of the public, but you lack its trust.

[Swiatek] To the average citizen we are indolent nitwits who shirk their duties. For example, the public demands that I order a factory to shut down, but I only have the power to evaluate its environmental safety. The power to shut it down belongs to the director, if he accepts our evaluation. I am not going to buy a padlock and proceed with it to the factory because, insofar as I know, only the militia may apply physical duress, and only sometimes at that. I myself long for radical action when I see raw

sewage flowing into a river. But I can only avail myself of the measures which the society has empowered me to apply, slapfines.

[RAZEM] Is there anything else you have at your disposal?

[Swiatek] Yes, knowledge. In our agency there are maniacs who desire to change a great deal. It is a pity that we are just an ordinary state agency—one poorly equipped and not needed by anyone.

[RAZEM] Thank you for the interview.

### **Private Legal Firm Specializes in Clients in Economic Sector**

26000573 Warsaw *RZECZPOSPOLITA* in Polish  
6 Jun 89 p 4

[Interview with Ewa Dabrowska, president, Consiliator Legal Advisers Group in Katowice, by Jolanta Kroner: "Independent Legal Advisers"; date and place not given; first paragraph is *RZECZPOSPOLITA* introduction]

[Text] This newspaper interviewed Ewa Dabrowska, president, Consiliator Legal Advisers Group, Ltd., in Katowice, about aspects of the founding and operations of her firm.

[*RZECZPOSPOLITA*] Consiliator is one of the few, and one of the first, law firms in this country. How was it conceived?

[Dabrowska] We may be one of the first legal advice firms, but we certainly are the first to combine legal advisers and the District Chamber of Legal Advisers in a single body. For this reason Consiliator provides a model for the law firms being formed in association with chambers of legal advisers in other districts. The formation of our firm was prompted by the marked broadening of the domain of professional activities of legal advisers and the desire to explore prospects for practicing the profession and gaining eminence and personal satisfaction thereby.

[*RZECZPOSPOLITA*] How did you start out?

[Dabrowska] We began with a resolution of the Chamber Council, adopted in December 1987, to establish two law firms, Consiliator, operating chiefly in Katowice Voivodship, and Porada Prawna [Legal Advising], operating in Bielsko Biala in conjunction with the local chamber of legal advisers. Besides, that second law firm was formed somewhat later.

The second stage of our founding operations was to find enthusiasts who would shoulder the organizational burden. That was a difficult but feasible project. This was followed by drafting the statute of a joint-stock company and discussing its text with future shareholders. The interested parties filled out declarations of intent to join

the company and specified their specialty and the scope of matters of special interest to them. For the point was to assure the psychological wellbeing of our shareholders and to provide our future clients with the very best level of specialized legal services.

This is a capitalized joint-stock company. Our capital amounts to slightly more than 2 million zlotys, with shares having a par value of 5,000 zlotys each. The District Chamber of Legal Advisers is the main shareholder, owning 40 shares, with the remaining 161 shares belonging to individual legal advisers. Only one-half of the capital is in pecuniary form; the other half is contributions in the form of a professional library, that is, of tools of our work.

[*RZECZPOSPOLITA*] How does the firm operate? Who administers it?

[Dabrowska] The supreme body is the General Meeting of Partners. There also is a seven-member Supervising Council, and a three-member Board. To begin operating, the firm had to be registered with a court, thereby acquiring legal entity, as well as with the local office of the State Treasury. Altogether this took more than 2 months. We started operating in mid-April 1988.

[*RZECZPOSPOLITA*] Where do you get your clients, and who are they?

[Dabrowska] They are solely persons engaging in economic activity, including legal entities, chiefly joint-stock companies. A majority of the companies we help establish are partnerships of private individuals. However, toward the end of last year there appeared a new phenomenon: we began to get commissions from [state] enterprises entering into various kinds of partnership with other enterprises, with their own employees, with private companies, etc.

[*RZECZPOSPOLITA*] How does an enterprise form a joint-stock partnership with its own employees?

[Dabrowska] There was for example one enterprise doing construction jobs with the aid of cranes. To streamline the use of that equipment, the enterprise wanted to transfer the ownership of the cranes to its employees. We were commissioned to perform a feasibility study in order to determine whether these assets of the enterprise could be transferred to its employees in the form of a subcontract, a lease, or a joint-stock company. The enterprise reached the conclusion that a joint-stock company with the crane-operating employees as shareholders would be best, with the enterprise contributing capital in the form of cranes and being paid dividends for it. Dividends also are being paid to the employees of the joint-stock company, who include previous employees of the enterprise, and the cranes are being utilized more efficiently.

[RZECZPOSPOLITA] I cannot understand why these cranes could not be utilized efficiently by the enterprise but can be thus utilized by the joint-stock company, considering that the management and the crews are the same for both. What bearing does this have on the reform and on the national interest in behalf of which these cranes had been entrusted [by the state] to the construction enterprise? These are my private doubts, and Consiliator is not obliged to dispel them, but might not you also have them?

[Dabrowska] Our client behaved in an exceptionally rational manner. First, he noticed that he had an economic problem requiring a solution and turned to a professional organization for legal advice on the possibilities for solving this problem legally. The idea of an enlightened manager who does not have to have legal training but who has to know how to avail himself of the laws and entrusts the matter to experts is, in my opinion, worthy of emulating.

Incidentally, the issue you raise is much broader and its aspects are not so much legal as economic, sociological, and generally social.

[RZECZPOSPOLITA] Are Consiliator's services expensive?

[Dabrowska] The largest fee we ever charged last year was 350,000 zlotys and it concerned complicated legal services on which three persons had been working for 1 1/2 months.

[RZECZPOSPOLITA] How much of it went to the partners themselves?

[Dabrowska] We have corresponding rules: shareholders receive 60 percent of the fee paid by the client. The remainder is spent on overhead: taxes, clerical expenses, office rent.

[RZECZPOSPOLITA] Are the partners satisfied? Do they all have work?

[Dabrowska] That depends on the number of incoming cases, and not all the fields of specialization are in equal demand. A majority of the partners are experts in labor legislation, but it is the experts in banking, commercial, tax, and foreign-exchange laws who are in the greatest "demand." Thus, earnings are unequal.

[RZECZPOSPOLITA] What about Consiliator in relation to the economic reform? Do you feel needed?

[Dabrowska] In the last 8 months our turnover was about 15 million zlotys, with the largest individual fee being, as I said, 350,000 zlotys. That is, we have been handling many cases, including expertises, counseling, and consultations, especially as regards commercial and tax laws. We also attend to popularizing law by, for example, providing training courses supported with

teaching aids. Hence, we believe that we are needed. Large enterprises have their own lawyers, but small enterprises, especially the newly formed ones, need our help in resolving particular problems.

[RZECZPOSPOLITA] And how do you help them, specifically?

[Dabrowska] Sometimes we are visited by people who only know that they want to do "something," without having the least idea of how to go about it. After they receive our advice, obtain the capital, and recruit a founding group, they come back to us for more help in, e.g., establishing and operating a joint-stock company, and subsequently in resolving particular legal matters as they arise. Some of our clients use our services on a continuing basis, upon paying a monthly fee, and whenever they have some legal problem we take care of it.

[RZECZPOSPOLITA] This looks like some kind of legal insurance or having a personal legal adviser. Have you ever failed with a case?

[Dabrowska] No, so far there have not been any complaints.

[RZECZPOSPOLITA] Do you have any sociological comments on the demand for your services?

[Dabrowska] We began by handling only the establishment of private joint-stock companies. But after a couple of months we also got business from state enterprises interested in founding joint-stock companies. Now the latter demand has peaked somewhat and the cases we are receiving concern chiefly internal affairs of joint-stock companies. We also already handled the liquidation of one company. I believe that the time is coming when our services will deal with normal operations of joint-stock companies, such as the conclusion of contracts, the expansion of operations, etc.

[RZECZPOSPOLITA] Do you intend to expand your own operations?

[Dabrowska] Sure. We would like to broaden the scope of our activities by including professional lawyers. Moreover, we want to establish our own publishing house in order to print our own publications.

[RZECZPOSPOLITA] What do the bar associations say?

[Dabrowska] We will not be their competitors, because we stick to our fields of specialty. Any professional lawyer we include in our company will attend exclusively to economic cases.

[RZECZPOSPOLITA] Have you some other ideas about the company's future?

[Dabrowska] We do, but that is our trade secret.

## YUGOSLAVIA

### Transformation of Croatia's SAWP Into Party Proposed

28000135 Zagreb VJESNIK in Serbo-Croatian  
7 Jun 89 p 7

[Article by B. Podgornik: "Two Models of a New Front. Council for Initiatives, Programs, and Actions in the Development of the SAWPC [Socialist Alliance of Working People of Croatia]: Could the Transformation of the SAWP Go As Far as To Turn the SAWPC Into a Political Party?"]

[Text] Zagreb—At no time in its history has the Socialist Alliance been a party but it could acquire some elements of a party, judging by one of the two proposals for transforming it which were presented at Tuesday's session of the Council for Initiatives, Programs, and Actions in the Area of the Construction and Development of the SAWPC.

This proposal came in the introductory presentation by Marko Panic, a member of the Presidium of the SAWPC RC [Republic Conference], who said that he was speaking not in the name of the Presidium of the SAWPC RC but in his own. In the discussion it was said that his presentation went a step beyond even the already rather radical "platform" for transforming the SAWPC prepared for this session by a working group that included Juraj Hrzenjak, Tomislav Jantol, Marinko Panic, and Milovan Soic.

Besides many members of the SAWPC RC and its councils and organizations, the session was also attended by members of new initiatives, councils, and associations and by many academics. Noting that the Socialist Alliance in its current form is a remnant of the past, Panic first explained in broad terms why it is necessary to transform the SAWP and then spoke about two possible models for that transformation.

In the first model, the members of the Socialist Alliance would no longer be collectives (sociopolitical organizations, social organizations, associations, alliances), which does not mean, Panic said, that the members of those organizations would not belong to the SAWP; they would do so as individuals, however.

According to the principles of the SFRY Constitution, the Socialist Alliance is basically an organization for the common human being because it aspires to include the largest possible number of working people and citizens. The first model directs its activity toward the citizen because it accepts the argument that the organization of the working class is the trade union, the class organization of the worker is the League of Communists, and the Socialist Alliance therefore becomes the organization of the citizen, which is a broader term than working people, Panic said.

### No Collective Members

This type of Socialist Alliance would not reduce its membership only to working people; rather it would potentially broaden its membership because all members of our community are citizens. Furthermore, even though there would not be collective members in this model, that does not mean that the members of the Socialist Alliance—differing in their ideological views, in the ideas they bring with them as persons from other organizations—would not achieve political and practical unity in directing the development of society. Moreover, only then would there be an optimal exchange of opinions and arguments, the competition of numerous ideas, programs, and plans, which would not raise doubts about the breadth of the Socialist Alliance.

It is necessary to say without obfuscation that this model does not presuppose the prescribed leading role of the League of Communists or of any other organization. A leading role in society must be constantly earned and confirmed and for this reason, or primarily for this reason, an SAWP of this type would be a rival to the League of Communists and to that extent it contains in itself elements of a party, Panic said.

The next class element of a party is its relationship to power. Whether the Socialist Alliance would compete with the League of Communists for seats in the Assembly would depend on the nature of the changes in our assembly system and electoral law and on a number of other elements. It seems to me that the most realistic assumption is that in the future the Socialist Alliance would not only be able to submit candidates from its own ranks, i.e. from its membership, but would also create the conditions and legal prerequisites for direct elections, for candidates to defend programs to the public, and for citizens to make up their minds not on the basis of mere party affiliation but on the basis of a program that opens up prospects for our development.

The remaining constitutional stipulations pertaining to the Socialist Alliance are not so controversial and this model really does not raise any questions about them. Therefore, it would only be if the new Constitution and electoral law affirm that sociopolitical organizations are electoral rivals and that they can compete for seats in Parliament that this model of the Socialist Alliance would be a party like the League of Communists. Until then, it would merely be a broadly conceived sociopolitical organization, one appropriate to our system and to the demand that as many people as possible participate in politics.

### Principles of Cooperation

A Socialist Alliance conceived in this way would not have the prerequisites to monopolize power today in place of the LC, nor in our conception of a self-management system should it have them; rather, it is only in this case that both it and the LC would acquire all the

prerequisites for genuine control over those in power, which would mean strengthening the preconditions for more power to the working people and citizens.

And finally, according to the Constitution's current stipulations, the Socialist Alliance is a sociopolitical organization rather than a party; transformed in such a way, it must have a place in the new Constitution, or prior to that in a special law on the association of citizens—the place which the citizens themselves would carve out in the future.

The second model, Panic said, is based on the individual and the collective, but collectives would no longer become members automatically. Only on the basis of a desire jointly expressed, a decision by the authorities of the Socialist Alliance and by the specific organization to join the Socialist Alliance in order to realize its programmatic goals could an organization become a formal member.

Since each collective organization would continue to be autonomous in its ideological activity, there would have to be appropriate principles on cooperation, which would regulate more or less the following: the criteria for joining the Socialist Alliance, common principles of activity—minimum consensus, methods of making decisions, method of candidacy in general elections, and mutual relationships, rights, and responsibilities.

This model too presupposes the equality of the collective organizations in the Socialist Alliance, that a leading role not be stipulated in advance, and the abolition of transmission activity. The practical consequences of this model would be a concrete examination and deciding as to which of the traditional and new social organizations and associations of citizens would remain in the new Socialist Alliance, and what new members would join on the basis of the clearly established "rules of the game."

In an organization like this, the possibility of achieving political pluralism is considerably greater than today; in addition, such an organization would be quite acceptable even in a transitional stage prior to the new Constitution because it does not require a Yugoslav consensus, Panic said.

[Box p 7]

### Three Possibilities

Today there are several possible political initiatives that the Socialist Alliance could take that would immediately move it closer to its own transformation, Marinko Panic said.

The first is to support a plan for an electoral law that would grant citizens direct elections. The second is for the Conference to pass a resolution to simply stop issuing opinions on the formation of new social organizations, associations, and alliances until the law on social organizations and

associations of citizens is amended or a new law passed. The third is for the Conference to pass a resolution to stop issuing opinions on the foundation of publications of which it is not a direct founder.

Naturally, implicit in all three initiatives is a commitment by the Socialist Alliance to work out new laws in these areas of human rights, Panic said.

[Box p 7]

### Reason and Tolerance

We are still not seeing enough of the human being as an individual in the self-management, Socialist plans for the development of society, said the president of the Presidium of the SAWPC Republic Conference, Marijan Kalanj, when he spoke in the discussion. In transforming the SAWPC we cannot take the quick, easy route because of the great differences among us and among the republics and provinces. All this we are working on takes time and we must have a transitional period. Actions that are not thought out—which is what got us into our present difficulties—cannot be for us. We need reason and tolerance.

[Box p 7]

### Discussion

The first participant in the discussion, Nikola Viskovic, asked who was holding up the registration of "Green Action," an ecological initiative in Split with over 500 members; it was founded at the end of March and no reasonable person could doubt the general value of it. Viskovic considers it unacceptable for the foundation of organizations in the political system to be decided on by the administrative authorities; it should be up to the courts, as in the case of economic organizations. Only when the SAWP has emancipated itself from the LC, and other political organizations from the SAWP, will it be possible to think about the appropriate model for the transformation of the SAWP, Viskovic said.

The multiparty system is not a real possibility in this country at present, warned Cedo Grbic, but organized political pluralism should develop. Alliances and movements should be granted the status of sociopolitical organizations because they too deal with political issues and they could work within the framework of the transformed SAWP, Grbic said.

Supporting the platform and the introductory report, Ivica Gretic argued for the first model. Noting that he is an old Communist, Gretic added that the LC is no longer capable, with just minor corrections, of being a force for the transformation of society. While Josip Podnar also supported the first model, Smiljko Sokol warned that only the second model is really a viable method for transforming the SAWP, because the first model would be unconstitutional, converting the SAWP into a party.

It is virtually impossible to work out finished proposals for transforming the SAWP outside the context of a complete transformation of the Yugoslav political system, Sokol feels.

Political pluralism of the nonparty type is the sole possible type of pluralism if we stick to the idea of a delegate system, said Zdravko Tomac. Classic political pluralism requires a representative system. Warning that the Belgrade city organization of the LC had proposed that the League of Communists should once again become the Communist Party of Yugoslavia, Tomac added that the LC can become a Communist party insofar as we have opted for a multiparty system.

**Serbia's Draft Security Law Discussed**  
*28000134 Zagreb VJESNIK in Serbo-Croatian*  
*30 May 89 p 5*

[Interview with Predrag Todorovic by Mirjana Bozic: "Uniform Internal Affairs—A Conversation: Predrag Todorovic, Deputy Secretary in the RSUP [Republic Secretariat for Internal Affairs] of Serbia, Talks About the New Republic Law on Internal Affairs"; date and place not given]

[Text] Work is currently under way in Serbia on a new internal affairs law, one that will be in harmony with the recently adopted amendments to the Constitution of the SR [Socialist Republic] of Serbia.

What is new in this new law? We discuss this with Predrag Todorovic, Deputy Republic Secretary for Internal Affairs.

[VJESNIK] The amendments to the SR of Serbia Constitution have brought about changes in the uniform functioning of the SR of Serbia in the areas of state and internal security. How would you comment on the new elements of uniformity in these areas?

[Todorovic] The amendments have created the preconditions for the improved defense of the constitutional and public order throughout the republic, and thus also for the more complete and uniform protection of the freedoms, rights, and duties of all working people and citizens, nations and nationalities, and of the security of their persons and property, as well as of their most important other common interests—uniformly throughout the republic. It also ensures greater uniformity in the operation of the security organizations and services in the republic, as well as the more effective execution of security functions as a whole. These changes ensure that the republic manages questions and activities in all areas of internal affairs of interest to the republic as a whole—which was not hitherto the case. It is particularly important to bear in mind that the republic had not been authorized to handle certain internal affairs activities and questions uniformly throughout its territory. The amendments have eliminated this major deficiency.

**Law in September**

[VJESNIK] In connection with these amendments, work is currently under way on a new law on internal affairs. What is new in that and how does it differ from the current law?

[Todorovic] The draft of that new law was adopted some 10 days ago by the Executive Council of the SR of Serbia Assembly, which conveyed it to the Executive Councils of the Assemblies of the socialist autonomous provinces for their opinion. According to the schedule, this law should be adopted by the end of September of this year.

The draft law contains quite a bit that is new, both in its content and in its conception. Its provisions are intended to ensure the necessary functional and operational integration of the security organizations and services in order to ensure optimal uniformity and cooperation in the work of those organizations in the republic as a whole. We felt that such an approach would be the best way to eliminate the deficiencies in the practical work of the security organizations and services in the republic and that this will contribute as a whole to the more uniform and effective execution of security tasks in the republic, throughout its territory. In a word, the new provisions are based directly on the amendments. They reinforce state security in matters of interest to the republic as a whole, ensure the coordination of the work of the state and internal security services, and settle the principles of the internal security system, as well as other questions that make up the elements of the uniform "security system"—if I may call it that—in the republic. I will list them: they are the definition of internal affairs, the determination of the organizations and services responsible for internal affairs, the position of those organizations and services in internal affairs, the duties and powers of the internal affairs organizations and authorized official persons, etc.

**Powers**

[VJESNIK] What are the new powers exercised by the republic authorities throughout the republic?

[Todorovic] Among the more important ones, I would mention the fact that the Presidency of the SR of Serbia will be responsible for the political-technical direction and assignment of measures and tasks to all state and internal security services in the republic. Next, there is the SR of Serbia Assembly's power to politically monitor the legality of the work of the provincial state security services in state security matters of interest to the republic as a whole. Further, according to a proposal in the draft, the Republic Secretariat for Internal Affairs will provide all-around operational-technical coordination of the work of the state and internal security services in matters of interest to the republic as a whole. Next, there is the concretization of a uniform assessment of security, the strengthening of operational measures to

implement that, and the direct coordination of operations to carry out measures, etc. Also, there will be monitoring of the implementation of all internal affairs regulations which apply throughout the republic and there will be binding instructions to provincial and other internal affairs organizations in the provinces for the implementation of those uniform regulations. The draft also empowers the Executive Council of the Assembly of the SR of Serbia to promulgate sublegal regulations to apply throughout the republic. These would ensure that in the future the personnel of all internal affairs organizations in the republic have uniform functions, that their arms are standardized, and that there be uniformity in the official identity cards, uniforms, and insignia of the police.

#### More Rational

[VJESNIK] According to the draft, when can the Republic Secretariat issue commands to or instruct internal affairs authorities in the provinces?

[Todorovic] For example, the draft authorizes the republic secretary in the execution of matters of state and internal security of interest to the republic as a whole to instruct the official in charge of an internal affairs organization in a province to implement certain measures (detention of certain persons, shutting off access and denying egress from certain areas or facilities, etc...). There is the authorization to form special police units, i.e. special operational-technical groups, and to issue commands in the execution of direct tasks important to the security of the entire republic. The republic secretary can form special police units from police personnel from the entire republic to carry out certain tasks throughout the republic or on part of its territory when legally stipulated needs demand it. I emphasize that those powers are a precondition for bringing about the uniform functioning of the republic in the area of security as laid down by the amendments, and it is solely in that light that they should be viewed.

[VJESNIK] It is obvious that the draft contains many new provisions, which called for extensive additions to the current law on internal affairs. However, were you also able in this law to satisfy the express commitments in the republic on the need to reduce normativism, on deregulation, on reducing the number of republic laws and rationalizing the contents of them?

[Todorovic] I would say we were able to do so. Even despite the aforementioned and other new provisions contained in it providing coordination with the amendments to the Constitution of the SR of Serbia, the draft nonetheless contains fewer clauses (142) than the current Law on Internal Affairs (157). Thus, the matter covered by the provisions of the proposed law on internal affairs is considerable broader than the current law but it has been so rationalized that it is nonetheless briefer than the current law.

#### Abuses in Macedonia's Police Force Revealed 28000129 Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 28 May 89 p 6

[Article by Nenad Neoricic: "The Days of Glasnost"]

[Text] Although it is not officially designated "confidential," a document that has traditionally been unavailable to the public can be purchased in Macedonia these days at newspaper stands. The Macedonian youth newspaper MLAD BOREC has "purloined" the text of the Report on the Action Conference of the Communists of the Republic SUP [Secretariat for Internal Affairs], which was held on 10 May 1989, and which, as we have unofficially learned, lasted much longer than ordinary meetings of that kind. Under the title "SDB [State Security Service] Opens the Circle," facts were leaked which have to do with the extremely sensitive topic, one current in Macedonia for two years now, of reexamining the working methods of the State Security Service.

With this topic, MLAD BOREC definitely thrust itself upon the public as a key factor in news, in three ways: as a newspaper that has the courage to reveal long suppressed and painful Macedonian topics; as an editorial board that promises that it will really make it possible for everyone to respond if he feels that he has been denounced or attacked; and, which is possibly the most important, as the place articulating for the first time the orientation of "glasnost" in political upheavals, which has been announced in Macedonia ever since the December party plenum.

Since the report was not stolen, obtained by eavesdropping, etc., but was instead, according to MLAD BOREC, "given" to it by someone, this Skopje media event shows that there are people who favor "glasnost" within the security service.

The somber story about the beating of the people in Vevcani, which has been misused, drawn out, and politically calculated for two years, is obviously far from having been concluded by naming Republic Secretary for Internal Affairs Aleksandar Andonevski and three other policemen responsible for the "case." In this saga—in which General Asprovski has even come to be immortalized by the thesis that people should be beaten if that preserves the reputation of the Macedonian nation—it has become clear even to the fish swimming in the Vardar that something is happening that goes beyond the already almost forgotten incident with the testing of the electronic nightsticks.

The editorial introduction to the "leaked" material also says that "not one individual has a right to misuse the SDB and other services for his own personal or group purposes, since that can only harm the reputation of the SDB and the numerous employees of that service in carrying out their tasks."



### School for Children

The material that follows really does cite facts that would make a person's hair stand on end, if similar revelations were not occurring in other parts of the country as well.

It talks about the impermissible and criminal relationships of senior officers and managers of the OUP [Department of Internal Affairs] in Kumanovo, Kriva Palanka, Kicevo, Krusevo, etc., about which exactly nothing has been done.

The text raises the question of the justifiability of a security and ONO [Nationwide Defense] school in Skoplje, where most of the students registered are the sons, daughters, relatives, or friends of someone working in the SUP.

"The school has existed for more than 10 years, and still has not acquired its own scientific and teaching staff, and the educational background of the professors lecturing on professional subjects there does not meet the criteria for work in institutions of higher education. The professors who conduct instruction have unjustified large privileges in comparison with other university centers in the country (paid daily expenses, travel, overnight lodging, the use of official vehicles for private purposes, etc.); also unjustified are the attendance and graduation of individuals of advanced years immediately before retirement, and the failure to undertake measures for accountability for the theft of weapons..."

There is an extremely disturbing accusation about the admission into the service of people who are undesirable for security reasons, including people who have a past behind them that is full of hostile activity, or who are known to be under the influence of hostile elements.

The Republic SUP, judging by what followed on the agenda of its communists on 10 May, has had serious manipulations with apartments and public funds. People have moved into apartments who already had their housing situation settled, loans have been given out without any records or control, and houses have been built with the exclusive purpose of being hunting lodges, but have been declared to be police stations.

The report proposes the formation of a working group to start clearing up these deviations. It also proposes investigating the specific responsibility of Republic Secretary

Aleksandar Andonovski, his deputy Kiril Kostanov, Republic Undersecretary Avram Kukoski, and other SDB managers.

The problem in the Macedonian Republic SUP is not essentially anything new, but rather represents the typical difficulties in a police agency that for a long time has been under the control of a small ruling group. The cadre problem is certainly the most sensitive, if one takes into account the fact that most Macedonian cadres have passed through the SUP at one time or another.

The reexamination of the security service, which, along with the replacement of the previous regimes in the newspapers, television, and radio indicates serious political upheavals, is significant, just like the unsuccessful elections for member of the SFRY Presidency, when—as careful observers say—the "parliament happened" in the southern republic.

### Autonomous Force

It is difficult to monitor the development of political events or Macedonian reality in general from the outside by means of the usual way of perceiving domestic politics, which is more or less bipolar. One of the factors which will be missed by the hasty analyst may perhaps actually be one of the key ones for predicting possible consequences of the Macedonian events and the positions that will be taken from now on regarding major political and economic changes in Yugoslavia. That is the Macedonian sense of nationality, which should be distinguished from occurrences of nationalism, as at the last plenum of the Republic Conference of the Macedonian LC.

The editorial concept of MLAD BOREC also testifies to the existence of prospects that Macedonian policy will attempt to act as an autonomous force in all of our divisions.

"Our desire and basic conceptual orientation is that we will not be anyone's puppet, and that we will contribute to creating public opinion in Macedonia in an independent and autonomous way, to the extent that this is possible in today's conditions," states Nikola Mladenov, the newspaper's chief and managing editor. "If we have political support, it must be support at a principled level, based on everyone's right to state his own opinion, regardless of how much someone likes or dislikes it at a given moment."

In any case, a great deal will be heard from Macedonia very soon.

## BULGARIA

### Price Setting in Bulgarian-Soviet Production Ties

22000073 Sofia IKONOMIKA in Bulgarian  
Apr 89 pp 26-32

[Article by Plamen Puchev, candidate of economic sciences: "Price Setting in Direct Production Relations Between Bulgarian and Soviet Economic Units"]

[Text] The conversion to the establishment of direct business relations among economic units within the individual CEMA members is characterized by work on optimizing economic and scientific and technical cooperation within CEMA and the logical development of socialist economic integration. In recent years purposeful steps have been taken to create the necessary prerequisites in the work of joint enterprises, associations, and scientific and technical organizations. All of these new organizational points make it possible to involve in the processes of business cooperation in the area their direct executors (enterprises, organizations, scientific institutes, and others), by combining most efficiently their economic and scientific and technical resources and providing a new impetus in the overall activities in specializing in production cooperation. All of these processes directly stem from the tasks of the Comprehensive Program for Scientific and Technical Progress of CEMA Members Until the Year 2000.

We must point out that the overall efforts to develop the new forms of business cooperation are helped by the profound reforms which are taking place in the Soviet economic mechanism and the advancement of the economic mechanisms of the other CEMA members. For example, we note a trend toward reducing the centralizing of national economic management, the increased autonomy of individual enterprises, a conversion to the comprehensive use of the principles of cost accounting and self-support, improvement in the organization and legal conditions for establishing international business contacts. The mechanism of socialist economic integration itself is being restructured.

On the other hand, however, in the course of the changes which are taking place within the national economic complexes in the individual CEMA members, as well as in improvements in the integration mechanism of the socialist community, a number of difficult problems arise, with their economic, scientific and technical, and social aspects. Thus, the interests of the economic units in the individual sectors do not always entirely coincide with those of the state. The need for profound structural changes in the economy, related to the requirements of scientific and technical progress, on the one hand, and the reconstruction and modernization of some traditional sectors, on the other, sometimes turn into obstacles to the prompt organization of direct production relations among economic units in different countries.

Obviously, the solution of these and other similar problems will require the taking of decisive measures on the national macrolevel and on the level of the integrated community.

It is the opinion of a number of scientific workers and economic managers in the fraternal countries that some of the major obstacles obstructing the development of direct production relations within CEMA are currency-financial and price-setting problems. Despite the active scientific and practical discussions and the steps taken in this area, the difficulty of the problems and the absence of stable theoretical and methodological foundations are adversely affecting the specific implementation of economic contracts.

The same applies to joint Bulgarian-Soviet enterprises, associations, and scientific and technical organizations. According to Council of Ministers Decree No 47 of 24 July 1987, as of April 1988 there were 25 joint scientific-production associations (SNPO), three joint enterprises (SP), and 20 scientific and technical organizations (SNTO)<sup>1</sup> set up jointly by Bulgaria and the USSR. Most of them were established during the second half of 1987. The short period of their activities and the as yet scant information found in scientific publications do not allow us to make a detailed study of their results. As a whole, however, the view is that through such new Bulgarian-Soviet forms of joint production and scientific and technical activities the following is being targeted:

- Development of production specialization and cooperation;
- Accelerated application of scientific and technical progress;
- Shortening the "design-production" chain for some items showing high technical and economic indicators;
- Optimizing conditions for cooperation between the partners in the areas of new technology and organization of production and management.<sup>2</sup>

Such practical results of the activities of joint Bulgarian-Soviet enterprises, associations, and organizations confirm that they are promoting both the development of integration relations within CEMA and helping the overall scientific and technical development of the respective Bulgarian and Soviet enterprises, organizations, and scientific institutes included in them. That is why, in our view, the efforts to solve money and price problems should be directed mainly toward optimizing these two basic interconnected trends. We shall present certain considerations in this area and also analyze the views of individual Bulgarian and Soviet economists.

The overall concept in scientific publications is that the activities of joint organizations<sup>3</sup> in price setting should be based on world prices along the entire chain of

business interaction among the partners. Arguments in favor of the expediency of this decision, however, frequently include a number of different nuances, the study of which, in our view, is of significant practical-science interest.

For example, in emphasizing that violating the principles of international prices in reciprocal deliveries of assemblies, parts, and components, Soviet scientist F. Levshin also notes that "from the viewpoint of the more dynamic development of direct relations among enterprises and organizations within CEMA, by agreement between the partners the prices of complementing cooperated items and services could be set at any mutually acceptable level."<sup>4</sup> The same author stipulates that prices higher than international ones should be applied only during the period of assimilating the new production and, after the necessary series production has been reached, they should be made consistent with the prices charged on the international markets.

Other Soviet authors, such as O. Bakovetskiy and N. Lopukhova, warn that the strict need for the use of international prices of finished products by joint organizations should not lead to increasing the price of cooperated goods, taking into consideration not only the interests of producers but also of consumers. They emphasize that the possibilities of standardizing the methods for computing production costs and adopting the principles governing the setting of wholesale prices by CEMA member countries should be implemented along with using price setting as an incentive for upgrading the technical standards and quality of goods.<sup>5</sup>

Bulgarian author G. Mirov justifiably points out that despite the connection between world prices and the scientific and technical standards of output, the aspiration to make use of this law whatever the circumstances and for all prices is not justified. He mentions that such an approach would be suitable only if not only the specific commodity which is being produced fully meets global standards but also if the entire production infrastructure is on the corresponding level. G. Mirov emphasizes that if the standards of the partners are similar in their scientific and technical and production aspects, the use of international prices stimulates their business relations, whereas if there are substantial differences in standards such prices may have a restraining effect.<sup>6</sup>

Consequently, the adoption of the concept of the extensive use of international prices in the activities of joint organizations does not mean that the partners should make a statistical study of prices of similar goods (finished goods and complementing parts) in third countries and the use of the latter automatically in the system of their reciprocal payments. In our view, the most suitable here should be the stipulation that "reciprocal connections between prices of complementing goods and finished products within the association (we are referring to the joint organization—author) create a system which is separate from global and contractual prices of similar

goods."<sup>7</sup> At the same time, however, it is obvious that such a separate system should not be created on the basis of the "internationalizing" of internal prices which, at this stage of development of the USSR and Bulgaria, are set by taking into consideration a number of specific national economic factors. According to some assessments, price differentials of finished products and complementing items, which are objects of joint activities, are between 50 and 100 percent higher in Bulgaria than in the USSR. Naturally, we cannot cite this as our substantiation in the trade policies of Bulgarian self-governing economic organizations for the suggestion that the prices of Soviet assemblies and parts be raised in the future in order to have the desired balance of payments. On the other hand, establishing an internal price base, which would take into consideration the so-called outlay approach, would have an extremely adverse effect on the technical standard and quality of output in the joint organizations. We are of the opinion that experimentally internal wholesale prices may be set for some raw materials used by the joint Bulgarian-Soviet organizations in the machine building sector, the more so since there already is a USSR Council of Ministers resolution "On Organizing Wholesale Trade in Transferable Rubles for Goods for Industrial-Technical Purposes."

Another major aspect related to price setting for joint organizations is the use of a differentiated approach, taking into consideration specific cases and targets for the acceleration of scientific and technical development of the partners. It is related to the conversion of economic units in Bulgaria to self-management, as well as granting a number of new rights to enterprises and organizations in the USSR. The economic purpose of such processes is that currently the economic units are increasingly being oriented toward the independent solution of a number of their problems on a full cost accounting basis. This significantly changes priorities in their overall scientific and technical development and increases their interest in establishing the type of business relations, including those involving foreign partners, which would help to increase the share of new and more competitive goods. In this case modifications in price setting, making use of international prices as a base, would also help, as was accurately noted by G. Mirov, to "bring closer to each other scientific and technical and production interests in order to develop a common concept toward third markets."<sup>8</sup> A major role could be played here also by long-term agreements and durable ties among the business interests of the partners, and the formulation of long-term plans for development despite a relative scarcity of resources. To this effect, the suggestion to convert in long-term business relations within the framework of joint Bulgarian-Soviet organizations to balancing reciprocal supplies of assemblies, parts, and finished goods by periods, going beyond the current practice of paying within 1 year, seems quite rational. Also useful in the acceleration of scientific and technical progress on the sectorial level or even within the framework of the national economy could be the

coordination of comprehensive programs involving the participation of numerous enterprises and organizations, within the framework of which procurements and the organization of joint enterprises could be balanced.<sup>9</sup> A suitable way of applying such an approach would be to apply the Bulgarian laws on associations of self-governing organizations.

Let us particularly emphasize that one very serious hindrance to the functioning of joint organizations and establishing an objective economic evaluation of their activities is the lack of reciprocal convertibility of national currencies and the convertibility between individual national currencies and the transferable ruble, as well as the lack of efficient foreign exchange rates used in comparing among the individual national currencies within the framework of CEMA and the transferable ruble and the currencies of third countries. A major step in the solution of this problem is found in the resolutions of the 43rd (extraordinary) CEMA session, at which seven CEMA members (including Bulgaria and the USSR) agreed on formulating conditions for making their national currencies reciprocally convertible for purposes of payments related to the activities of the new joint organizational forms. Unquestionably, this resolution gives Bulgarian and Soviet enterprises and organizations participating in SNPO, SP, and SNTD the opportunity of settling their own accounts and defining all economic parameters of their business initiatives, efficiently handling production assets, financial resources, and manpower. Such an approach will also help to solve a major problem related to new developments, i.e., meeting the higher expenditures in the process of mastering the production of new highly complex goods. In this connection, F. Levshin, for example, does not exclude the possibility "in mastering the production of a given commodity (new commodity—author), in the course of developing specialization and cooperation for expenditures, that it may exceed the level of world prices." In that case he suggests that "prices of cooperated complementing goods and services be set among the partners on any given reciprocally acceptable level."<sup>10</sup>

The implementation of the resolutions of the 43rd CEMA session creates favorable conditions for the formulation of bilateral or multilateral plans for specific organizational and technical and economic measures which would make it possible for such expenditures to be financed entirely or partially out of bank loans granted to the supplier as well as those which could be granted through the International Investment Bank or the International Bank for Economic Cooperation.

To sum it up, let us formulate certain conclusions and considerations which, in our view, could help political work in price setting and payments within the framework of the joint organizations:

1. In setting prices of complementing assemblies and parts and finished goods by the joint organizations now and, to a much greater extent in the future, it would be

expedient to consider the base provided by international prices. In order to facilitate practical activities in this direction, however, it will be necessary to develop an efficient set of instruments to define this base and to cleanse it from various circumstantial and other accretions. Furthermore, it would be very important to apply international prices while undertaking price-setting reforms in CEMA and in its individual members, as follows:

—Purposeful coordination between the price-setting mechanisms of individual national economies and the international trends in that area;

—Gradual standardization of price-setting practices by all CEMA countries;

—Formulation of an efficient mechanism within CEMA, which would facilitate the influence of currency, credit, and price factors in socialist economic integration in stimulating direct bilateral and multilateral production relations.

2. The principles governing price setting and payments among partners in joint organizations, as well as the wide range of other economic, technical-organizational, credit, and market instruments must be oriented ever more purposefully toward upgrading both the technical and quality standards of jointly produced commodities as well as improving the work of each participant separately. Taking mainly this factor into consideration, it would be acceptable to allow deviations within the framework of a certain period of time from the base of international prices and the adoption of specific principles governing the setting of prices among the individual countries.

3. In order to combine the economic interests of the countries participating in joint organizations, some non-standard forms of ownership could be applied. Thus, in the future it would be possible to formulate principles governing international socialist shareholding ownership. To this effect, the SNPO, SP, and SNTD should be given the right to issue and sell shares of stock to a wide range of economic units, such as internal members of cooperatives and servicing banks. Although for the time being the theoretical development of such a problem is insufficient, let us emphasize that the shareholding form of ownership could contribute to the creation of a joint international socialist ownership and a unified market within CEMA.

4. As the number of mixed organizations within CEMA increases and as practical experience is acquired in all areas of business interaction, it would be expedient to use their experience in price setting, crediting, and payments with a view to perfecting internal approaches in the solution of such problems. We must not forget in this case that direct relations are a qualitatively new step in contemporary socialist reproduction. That is why it would be necessary not to equate the mechanism of price

setting in joint organizations with internal national features of any given partner, even if we consider that this partner has reached a higher stage of development on the practical-legal level, but the creation of qualitatively new international socialist integration principles in the area of price setting, gradually involving the national mechanisms.

#### Footnotes

1. RABOTNICHESKO DELO, 30 April 1988.
2. Ibid., 30 April 1988.
3. Here and subsequently the term "joint organizations" will apply to SNPO, SP, and SNTD between Bulgarian and Soviet economic units unless specifically stipulated otherwise.
4. VNESHNYAYA TORGOVLYA No 2, 1988, p 16.
5. "Economic Cooperation Among CEMA Members," No 4, 1988, p 23.
6. Ibid., p 27.
7. "International Economic Organizations of the Socialist Countries—Management Problems." Nauka, Moscow, 1981, p 158.
8. "Economic Cooperation Among CEMA Members," No 4, 1988, p 28.
9. Ibid., p 23.
10. VNESHNYAYA TORGOVLYA No 2, 1988, p 16.

### CZECHOSLOVAKIA

#### Economy, Ecology Criticized at 14th Session of Parliament

24000147b Prague RUDE PRAVO in Czech  
22 Jun 89 p 3

[Speech by A. Hula, deputy chairman of the Federal Assembly's Chamber of People]

[Text]

#### Reform at Every Level of Management

This is the first time deputies received detailed, factual, candid material about the fundamental problems of the national economy. I think it is proper that the analysis not only points with criticism at a number of shortcomings and disproportions which have been accumulating in the past, but that it also clearly charts the successes which we achieved, and that it shows us that we have much unused potential. For that reason we shall be returning for a long time yet to this analysis of the past, and I recommend that we consider it to be explicit. We

shall not only look for lessons in that past, but life itself will show us the need to concretize more deeply at every level of management, in large and small collectives, in individuals, the causes of the shortcomings, so that we can resolve them successfully.

All that requires that for everyone the way out of this given situation be clear, understandable, and realizable with a specific personal responsibility, that it be always coupled with conceptualizing, with an economic program. And that is our weak point. The adopted measures cannot move from one extreme to another as has often been the case in the past. They must correspond to the reality in which we find ourselves, they must be in harmony with bold and effective entrepreneurship based on socialist principles. We cannot wait for miracles or for the new economic mechanism and expect it to bring salvation all by itself. We must know how to work and apply our entrepreneurial spirit under it, and many do not know how to do that. There is no shame in admitting it, but there is shame in not making an effort to learn.

Where, then, to begin? The analysis and the everyday course of the economy show that the economy is worsening, that the supply of goods and deliveries are much below the level of demand. We have economic paradoxes: we do not have materials and semifinished products, but inventories including materials and semifinished products are increasing sharply. We are not achieving the necessary productivity, but regardless of that wages are increasing. We are developing incentives to mobilize unused potential, but that comes into conflict with the effort to speculate, hide unused resources, and increase expenditures so that after the introduction of self-financing enterprises would have more room for cutting costs and increasing profit.

Let us remember how toward the end of last year our industry criticized the planned conditions for self-financing and was refusing the 4.5 percent rate of profit. What do the accounting, recalculation of the plan, and the first results of most industrial enterprises show? The rate of profit was exceeded. Despite the enacted restrictions, the often criticized excessive investment spending continues, particularly the issuing of credits before they are reliably secured materially. The economy is getting materially worse, it is consuming ever greater amounts of money. That must be resolved, a further deterioration of the economy must be stopped, even at the price of adopting extraordinary measures to establish economic balance which will also put self-financing, particularly in our industry, on a more realistic basis. To halt the process of worsening trends in the economy, to erect "barriers" to inflation, requires at the same time that problems be already resolved by applying and introducing the new elements of economic mechanism while simultaneously increasing the capacity of the center to act.

The investment policy, which consistently shows poor results, decisively influences the conditions of our development in the future. The planned volume of investments for the first 3 years of the Eighth 5-Year Plan was

greatly exceeded. We did not succeed in achieving any significant improvement in investments for the processing branches. The progress of ecological construction projects was unsatisfactory and some of them were not even started. Overall it is becoming apparent that the government and especially the individual branch departments and the State Commission for Research and Development and Investment Planning cannot handle the process, and there are doubts therefore that the planned necessary extensive structural changes will be achieved. To be sure, the government adopted last year some nonrecurring restrictions, but I think that investment policy needs sensitive, systematic and continuous directing and regulating. There should be a change in the way the government handles it.

There was an overrun of more than Kcs 9 billion in deliveries of machinery and equipment not included in budgets for construction projects that are to serve the modernization of the production base. At issue are large resources which ought to be for the production base. At issue are large re and innovation. I recommend that the government and especially the branch ministries verify whether the machinery and equipment are efficiently and intensively used for that purpose in the integrated technological units.

There was also talk about the results of R&D, which were discussed at the 14th Plenum of the CPCZ Central Committee, sometimes possibly criticism also being expressed, but not addressed at individuals. The connection between applying the results of R&D and development in practice was not fully appreciated either. We are not demanding enough in our approach to specific projects and in making sure of their implementation. For example, in 1988 a very important task Introducing Automation of Engineering Work in Machine Tool Industry was eliminated from the state plan for technological development—allegedly because deliveries of a capital assets nature were not guaranteed—and no consequences ensued. I think that here is another opportunity to do more in management and consistent control particularly by the State Commission for Research and Development and Investment Planning.

The comprehensive experiment was verified predominantly by organizations which were well managed even before the experiment. The results were to indicate what we can expect after introducing the new rules throughout the national economy, and in particular to show where there are shortcomings, mistakes and obstacles which must be promptly removed. But it appears that the center did not work out in time and comprehensively the interlinked regulations. Moreover, the center made further directive interventions into the allocation of resources and redistributed assets. All that caused uncertainty in the enterprises which then did not reveal their unused resources.

The experiment did not project itself properly into collectives in the enterprise subdivisions and into the rules of the subdivision *khozraschet*. Some enterprises

then in order to ensure the necessary profit looked for easier ways to create profit, i.e., more expensive line of goods or overruns in export to socialist countries, instead of by a thorough streamlining of production, mobilization of the intensification factors, and by removing the causes of low efficiency.

I consider it essential, therefore, that in the future the government and its agencies continually and much more carefully follow and evaluate the changes in the behavior of the organizations, particularly in relation to the economic rules. Furthermore, it is necessary to create economic conditions and rules which will give enterprises more flexibility in resolving among themselves even the most difficult interenterprise problems.

#### **Slusovice Example Should Be Applied Throughout Economy**

*24000147a Rome LISTY in Czech No 2, 1989 pp 43-45*

[Article by Albert Florian in the bimonthly publication of "the Czechoslovak Socialist Opposition": "Can We Jump Over Our Own Shadow?"]

[Excerpt] [Passage omitted] An economically vigorous agricultural-industrial enterprise, Agrokombinat Slusovice, was developed in Czechoslovakia over the past several decades. Even under the conditions of a hard, bureaucratic centralism, there came into existence a vast, progressively managed, highly productive complex, whose yearly turnover exceeds Kcs 3 billion, for the most part in industrial production. It achieves outstanding results in agriculture, it has a considerable share of computer technology among its broad spectrum of industrial goods, it is an important exporter and importer, to put it briefly, it is an entrepreneurial center comparable to advanced enterprises in the West. It had to fight hard to achieve this position (just to obtain its export license it needed 94 (!) rubber stamps and signatures from offices and institutions); our office and party officials do not like it when someone steps out of line. Only its entrepreneurial successes without comparison in our country prevent the higher authorities (agricultural administration and district or regional party committees) from "normalizing" this singular entrepreneurial complex.

Among the management personnel of the Agrokombinat there are also party members (although not only), but they are above all highly qualified technicians, agronomists, economists, lawyers, and sociologists, for whom the party affiliation is not the primary element of their function. Of course, even there they have a party organization, party groups, they hold meetings, they pass resolutions, they perform the mandatory oblation of "ideological packaging" of their activities, but above all they work hard, their management is carried out in a professional manner, they motivate perfectly and conduct their entrepreneurial activities in the positive sense

of the word. The influence of the superior agencies, either economic or party, on the activities of this kombinat is obviously negligible, their function being more or less only to record.

If, therefore, it was possible even under the conditions of a rigid centralism and management by directive for such an entrepreneurial center, resistant to the distorting influences of the system and relatively little dependent on party bureaucracy, to develop, then it is theoretically possible for others to develop as well. Particularly now, when during the "restructuring" conditions for the entrepreneurial sphere should after all become (albeit only a little) easier.

In every industrial or agricultural enterprise (actually as in all institutions here) there are basic party organizations, plant and enterprise committees of the CPCZ, those in the larger enterprises even with one or more professional functionaries. Experience shows that among them is a negligible number of truly able and qualified professionals (technicians, economists, laborers, lawyers, agronomists, etc.), because those give preference to a more effective work in economic functions. These party professionals are recruited from the ranks of the apparat (regional and district committees of the party), or they are workers released from the enterprise who see in it the easiest way to their own personal career. A professionally able enterprise director, who is at the same time "politically strong" (i.e., is a party member and knows influential people in the apparat) mostly knows how to twist those party functionaries around his little finger and use the party committees in the enterprise to benefit its economic activities. The real influence of the party on what goes on in the enterprise is usually very small, because in the party committees we are mostly not talking about professional, knowledgeable workers or strong personalities capable of "galvanizing the masses" by their own example. And after the experiences of 40 years, hardly anybody still believes in the party.

It holds true even in "real socialism" that who has means also has power and independence. The citizen who earns decent money is less dependent on kowtowing to power (unless such kowtowing, of course, is the very source of his income) and more free to make decisions. And the same applies to enterprises and institutions. An economically strong enterprise with a lucrative line of goods, well managed and highly productive, does not have to supplicate the superior agencies for an acceptable production schedule, for an allocation of scarce raw materials, for help in selling its products, for a bank credit, etc., simply, for anything that the center uses to control its sheep. It becomes relatively independent, more free in conducting its business and it has practically no need, or only a little, of the higher authorities (economic or party). And such an enterprise, particularly if it is an organization with several thousand employees, necessarily also becomes a political force which influences its environment vertically and horizontally. Let us imagine that in the CSSR in a relatively short time 50 or 100 enterprises such as the Agrokombinat Slusovice would

develop. Theoretically it is not impossible, because in this country there has always been enough capable people. Those enterprises would have sufficient means for levies and taxes for the state, but also for developing their own technological and capital investments, for decent wages for their employees (according to the quality and amount of work) and for their social needs (housing, various services, health insurance, recreation, etc.). The local trade unions in these enterprises would logically and in their own interest support the entrepreneurial activities of their organizations, and would at last be able to fulfill their own function—protect the interests of the working people.

These enterprises would undoubtedly become a political force in their area. What national committee or district committee would dare to openly come out against the interests of these enterprises with their superior economic results? Against enterprises where employees have better salaries and better social conditions than others? Against enterprises which show the way out of this economic morass in which we are drowning? And a hundred such enterprises, that is already a force which can, although perhaps indirectly, but nevertheless influence even the highest government and party institutions and create something of an opponency to their activities.

Is this an illusion or a realistic idea? It is difficult to say. Thus far the cadre policy of the party has been scrupulous in making sure that nobody in the pyramid of power jumps over his own shadow. And in no way over the shadow of party members and party agencies. It keeps watch to make sure that no better people than they are placed in the leading functions of the economic and political hierarchy. An average person can only tolerate another average person next to him, and under him only a below-average one. Seemingly, it is a vicious circle. But only seemingly. The year 1968 showed how many capable people of all human professions and wise politicians suddenly rose as if from the bosom of a long-time uniformed party as well as from outside of it. And in 20 years another generation grew up. It has to be given the opportunity and space to make its mark. And that is probably one of the corner stones of the whole problem.

The current process of structuring the "state enterprises," reorganizing the economic center, elections for the "councils of work collectives" and elections of new directors does not look for the time being like radical changes. The watch party of the "founders" (i.e., departments or national committees) and party officials is "vigilant and wary." Nonetheless it occasionally happens that recalcitrant "working people" do not elect the carefully vetted candidate, or even propose one but elect another, or they disagree with merely painting over the name of existing so-called production-economic units. In the carefully monitored process there nevertheless appear some smaller or bigger cracks.

Unfortunately, most people here no longer believe in any "purification process" directed from above. The decades



of constant contradictions between the cliches of the leadership and sober reality, the many loudly proclaimed but always amateurish and unsuccessful attempts at improving the economy, and on the other hand the hard suppression of real political and economic reforms in 1968, all that lead to scepticism and indifference. In the "socialist state" where "people govern themselves" the nation is so very apathetic and a priori distrustful of everything which is presented to it. So that only very few people here harbor the illusion that the "restructuring" will turn out to be even a mild political and economic reform. The ordinary citizen is more likely concerned about what they are cooking up again for him and is not very anxious to become too involved. But all the same it represents a certain possibility to change the way things are, or at least make the attempt.

November 1988

## GERMAN DEMOCRATIC REPUBLIC

### State Planning Commission on Self-Financing Directives

23000186 East Berlin WIRTSCHAFTSRECHT in German No 2, 1989 pp 32-34

[Article by Otto Drasdo, Guenter Hofmann, and Bernd Robisch, State Planning Commission: "Further Improvement in the Management, Planning, and Supervision of Investments"]

[Text] As Comrade Erich Honecker emphasized in the Politburo report to the Seventh SED [Socialist Unity Party of Germany (GDR)] CC [Central Committee] Plenum, the reinforcement of the strength of accumulation in the producing sectors of our national economy has now become a task of the highest national priority. The effective deployment of investments therefore assumes even greater importance.<sup>1</sup> At the same time it is imperative, in accordance with the resolutions adopted by the Eleventh SED Party Congress, to further improve the system of managing and planning our national economy, in other words even more effectively to combine central state management and planning with the creative activism of the working people, the autonomous operation of combines, and, to that purpose, make comprehensively effective the principle of self-financing for intensively expanded reproduction.

The measures designed for the continuing improvement of the management, planning, and supervision of investments in the economy respond to this challenge. They include the further development of legal regulations in the field of investments. The most prominent of these directives are:

—The Decree of 30 November 1988 on the Planning, Formation and Spending of Investment Funds,<sup>2</sup>

—The Decree of 30 November 1988 on the Preparation, and Implementation of Investments,<sup>3</sup>

—The Third Decree of 30 November 1988 on Lending and the Supervision of the Socialist Economy by the Banks—Third Lending Decree,<sup>4</sup>

—The Second Implementation Regulation of 30 November 1988 on the Decree on the Preparation and Implementation of Investments—State Scrutiny of Investments,<sup>5</sup>

—Order No 5 of 16 January 1989 on the Supplementation of the Order of Planning of the National Economy 1986-90.<sup>6</sup>

All these are to be applied with mandatory effect as of the start of the implementation of the 1989 plan and the drafting of the 1990 plan.

It is the overall goal of these new regulations to even more emphatically link science and technology with the preparation and implementation of investments, consistently carry on the policy of modernization and rationalization as well as create all the preconditions required for the planned realization of investments and the guarantee of the greatest possible output growth. To achieve this, use of the funds available will now depend far more on the advance of performance and efficiency in the combines.

We intend in this article to explain some of the key concerns of the new rules.

### Decree on the Planning, Formation, and Spending of Investment Funds

This decree is applicable to projects of the state plan for investments and to the investment fund to be self-financed and autonomously spent. In accordance with Article 1 Paragraph 2 and with respect to the investment fund for projects of the state plan for investments, it applies to all combines and enterprises of industry, the construction industry, the transportation industry, environmental control and water management, agriculture, forestry and the food industry, the wholesale and retail trade, posts, and communications and the GDR Consumer Cooperative Association.

In regard to the investment fund to be self-financed and autonomously spent, the decree (as per Article 17 Paragraph 1) is to be applied by those combines that operate in accordance with the principles of comprehensive self-financing and are centrally decided by the annual plans.<sup>7</sup>

Insofar as balancing issues are affected, the decree is applicable to the balancing and balance authorized organs.



**The State Plan for Investments—The Main Tool for Enforcing an Efficient Structure of the National Economy**

Starting with the 1989 plan, the State Planning Commission, the Ministry for Science and Technology, the Ministry of Finance, the GDR State Bank, the respective ministries and the district councils will jointly draft the state plan for investments. Its intimate links with the state plan for science and technology are designed to guarantee the greatest possible efficacy of the investments.

Project concrete state plan indices on expenditure, the efficacy to be achieved and on financing will be fixed for the planning of projects and the formation of the investment fund of the state plan for investments (Article 3 Paragraph 1).

In accordance with Article 3 Paragraph 2, it will be incumbent on the respective ministers and the district councils to confirm the targets and make the decisions in principle as well as to safeguard the planned implementation and the start of operations of the projects of the state plan for investments. Plan defenses before the respectively superior organs must prove that, in the case of projects of the state plan for investments about to begin operations, the planned profit is included in the plans and balances in accordance with the state targets (Article 3 Paragraph 4).

Projects of the state plan for investments must be accorded priority with respect to inclusion in plans and balances. In accordance with Article 26 of the VG [contract law], priority must be assigned the conclusion and fulfilment of contracts regarding services required for the implementation of these investment projects

Together with the Ministry for Science and Technology and state supervisory organs, the State Planning Commission will supervise the implementation of the state plan for investments. The expenditure incurred and the earnings after the completion of the investment projects will be audited by way of special accounts at the State Bank (Article 15 Paragraph 1 and Article 16 Paragraph 3).

**Further Development of the Investment Fund To Be Self-Financed and Autonomously Spent**

The rules on the planning, formation and spending of the self-financed and autonomously spent investment fund are one aspect of the gradual advance in the organization of the combine's autonomous responsibility. When, by means of long-range normatives, combines comprehensively apply the principle of self-financing, they are thereby stimulated to the best possible performance. Responsibility for their own intensively expanded reproduction compels the combines to coordinate the economically and technically necessary development of the basis of production with the development of the national demand. At the same time they are bound to ensure prior scientific-technological efforts. They will succeed to the extent that the combines' construction of rationalization

aids turns into one of the prime source of the material-technical backing for this investment fund.

In accordance with Article 7 Paragraph 1 and on the basis of the plan, combines and enterprises must set up an investment fund to be self-financed and autonomously spent. General and enterprise directors decide on their own responsibility how this fund is to be spent. The investment fund is financed from net profits and amortizations on the basis of long-range and stable normatives, interest paying basic asset loans, and other moneys (such as earnings from the sale of demolished or scrapped fixed assets or reserves). The possibilities for investment by combines and enterprises are thus determined by the investment funds they earn and spend in normative dependence on net profits and the amortization yield, in other words by the development of output and efficiency. This also means that, in case the net profit or amortization yield is exceeded or overfulfilled, additional investments may be carried out in the same year (Article 12 Paragraph 1), provided that material-technical backing is provided, especially by in-house rationalization aids construction or building construction. These extra moneys may also be used for additional debt repayments or carried over to the next year.

When, on the other hand, the planned allocations to the investment fund to be self-financed and autonomously spent are not made in full, because the respective net profit or amortization yield has failed to be achieved or fulfilled, the general director of the combine or director of the enterprise must decide whether:

- Spending on the planned investments will be cut,
- Moneys from the reserve fund will be used,
- Loans will be applied for at the bank (upon evidence of guaranteed repayment), or
- The intended investments will be carried out to less than the extent planned or at a later date or possibly canceled altogether (Article 12).

If this affects the material-technical backing for the construction and equipment demand, it will consequently be necessary to take balance decisions as a result of which the respective equipment and construction units must be returned to the competent balancing organs and superior organs.

Article 13 Paragraph 1 deals with the spending of the moneys derived from the investment fund to be self-financed and autonomously spent. The general directors of combines and directors of enterprises are responsible for the planned preparation, implementation, and start of operations of projects to be financed from this investment fund and also for documenting the planned profit of these investments and its incorporation in the plans and balances. Accounting for these investments proceeds in accordance with the directives by the Central State Administration for Statistics, and this accounting must be included in the annual report.

The respective ministries in conjunction with the Ministry for Science and Technology and the banks are called upon to check on the observance of general social interests in the course of the combines' investment activities.

#### **Decree on the Preparation and Implementation of Investments**

This decree summarizes and therefore organizes in a manner more suited to the practical handling of the directives on the preparation and implementation of investments, their coordination and planning, the subsequent and joint investments as well as the supervision of investment activities (hitherto separately dealt with). Those rules were largely retained, which had shown their value in practical application, such as the decree of 23 May 1985 on the Preparation of Investments,<sup>8</sup> the decree of 27 March 1980 on the Implementation of Investments,<sup>9</sup> and the decree of 13 July 1978 on the Planning, Preparation and Implementation of Subsequent Investments.<sup>10</sup> The further improvement of the management, planning and supervision of investments as well as the even more widespread application and enforcement of the principle of combine self-financing are the special concern of the new rules governing the following headings:

- Responsibility for the confirmation of the target and the issue of the decision in principle,
- Extension of the opportunities for drawing up the targets ready for the decision in principle,
- Timely coordination of the nationally ascertained demand for products and services,
- Obligation to state scrutiny,
- Supervision of the preparation and implementation of investments.

#### **Targets and Decision in Principle**

The rules governing targets and decisions in principle with respect to projects of the state plan for investments have been supplemented. They now obligate the ministers, managers of other central state organ or district councils to confirm the targets as well as decide in principle on projects of the state plan for investments. This duty also continues to apply to investment projects outside the state plan, provided their value exceeds 20 million marks, and they are not financed by the investment fund to be self-financed and autonomously spent.

For the purpose of further extending the combines' autonomy and as per Article 6 Paragraph 3 Letter b, general directors were assigned responsibility for the confirmation of targets and the decision in principle for projects that are financed in accordance with the decree of 30 November 1988 on the Planning, Formation and Spending of Investment Funds and the Order of 29 January 1987 on the Planning, Formation and Spending of Investment Funds To Be Self-Financed and Autonomously Spent,<sup>11</sup> and that are subject to the obligation to

pass state scrutiny—unless the managers of superior organs reserve their right to confirm targets.

The conditions governing a new decision in principle were supplemented to the effect that, as per Article 11 Paragraph 5, a new decision in principle for projects of the state plan for investments is to be taken only if changes in the technical and economic targets or the schedule for the start of operations were confirmed by Council of Ministers' decisions. Also as per Article 11 Paragraph 6, new decisions in principle for investment projects financed by the investment fund to be self-financed and autonomously spent are to be taken if changes in the technical-economic targets or the schedule for the start of operations arise from central decisions or decisions of combine general directors.

In the case of all other investments, central decisions or decisions by the managers who have made the principal decision must result in a change of these targets or schedules for a new decision in principle to be taken on this basis.

Approval for any new decision in principle must be obtained from:

- The bank for investments financed by loans,
- The Ministry of Finance for investments financed by the budget,
- The respective state expert agency for investments subject to scrutiny,
- The respective state price control organ for investments subject to state price control.

#### **Possibilities for the Simplified Preparation of Investments**

In the interest of a rational and time saving preparation of investments, the possibilities for simplified preparation were extended vis-a-vis the 1985 investment preparation decree. In the case of rationalization investments generally (in other words investments for the rationalization of existing capital equipment by reconstruction and technical reequipment, especially the use of industrial robots and other means of automation), targets may be so drafted as to correspond to the requirements of the documentation for the decision in principle, making it possible on this basis to issue the decision in principle. The prime criterion is that of the manpower figures either being reduced or remaining the same. No restriction arises therefrom for the qualitative requirements on the decision in principle.

The decision on utilizing this possibility for investment preparation is up to the managers authorized to confirm the targets, following prior coordination between the investment customer and the suppliers with respect to the state plan for investments—[in particular the] section on preparation—or the plans for preparation.

### **Timely Coordination of the Nationally Ascertained Demand for Products and Services**

In the interest of realizable directives with respect to targets and decisions in principle, the timely settlement of the possibilities for investments to be included in construction and equipment balances as well as the involvement of enterprises in the investment goods industry and construction continues to be crucial. It is therefore imperative for the investment customer during the drafting of targets to already develop the necessary informational ties with the balancing or balance authorized organs and to carry out the necessary coordination with respect to demand classification in terms of time schedules, volume, and value. This coordination process must be consistently maintained on the basis of the targets and in accordance with continuing detailed preparations related to the production of the documentation on the decision in principle. A new item is the investment customer's obligation to provide evidence of this coordination in the documentation on the decision in principle. General and main suppliers as well as other suppliers continue to be obligated to coordinate with the competent balancing or balance authorized organs the delivery and service totals shown in their binding offers. This is to ensure that the balance-side backing of investments is of a quality appropriate to the requirements with respect to the reality of the decision in principle.

To be taken in account now is the fact that, in regard to projects of the state plan for investments, the investment customer is obligated to notify the respective minister if, in the course of drawing up their binding offers, the suppliers indicate that it is impossible to keep to the norming points preset by the confirmed target. Proposals for solving the problem must be submitted at the same time.

The investment customer also is duty bound to inform the respective minister if deviations from the set construction and assembly process occur in the course of the implementation of projects of the state plan for investments. Proposals to ensure the planned implementation must be submitted at the same time.

### **Obligation To Submit to State Scrutiny**

The regulations on state scrutiny have also been revised, taking account of the state plan for investments and the greater autonomy of combines—without, though, essentially changing their import. This responds to the principle that greater autonomy includes the strict supervision of the conformity of decisions autonomously taken with general national interests. No upper limit (in terms of value) was therefore fixed for the obligation to submit to state scrutiny with respect to investment projects financed from investment funds to be self-financed and autonomously spent. Instead a textual orientation will be issued as to what projects outside of the state plan for investments are to be subject to ministerial scrutiny. The projects to be included are to be named together with the plans of preparation. This applies to investment projects involving

the importation of plant and to projects for the material-technological backing for the plans science and technology, for example. Retained, in general, is the tried and tested practice of state scrutiny of an investment project to in principle take place at a management level that is one level higher than that confirming the target or issuing the decision in principle.

Projects of the state plan for investments are scrutinized by the State Central Inspectorate for Investments at the State Planning Commission in close cooperation with the banks and other supervisory organs, up to the start of permanent operation; in other words it extends beyond the conclusion of preparation and implementation. Attention is focused on the observance of the technical and economic parameters fixed by the decision in principle and of the schedule for the start-up of the capacities, that is the planned output and efficiency efficacy of the capital equipment provided.

### **Supervision of the Preparation and Implementation of Investments**

To raise the efficacy of investment activities, it is imperative to guarantee strict supervision of the observance of order and discipline in the preparation and implementation of investments. Article 64 provides for new regulations with regard to the supervisory duties of the investment customer, arising from his general responsibility for the preparation and implementation of investments. It also sets out the new supervisory duties of the organs superior to the investment customer, the State Central Inspectorate for Investments at the State Planning Commission as well as the banking, financial and price organs.

### **Order No 5 of 15 January 1989 on the Supplementation of the Order of Planning the GDR National Economy 1986-90**

This order revises section 20 in Part L of the Planning Order, and detailed provisions were inserted for the planning of the three types of investments, that are the object of planning in enterprises, combines, ministries and the State Planning Commission:

Order No 5 takes account of this development by inserting detailed provisions on the planning of these three types of investments:

- Projects of the state plan for investments (No 3.1).
- Investments by the investment fund to be self-financed and autonomously spent (No 3.2).
- Investments outside the state plan for investments and not financed by the investment fund to be self-financed and autonomously spent.

It is the aim of the further development of legal planning instructions for planning to be improved at all levels so that projects already started and new projects may

proceed in coordination with the construction services and the equipment balanced in the economic plan, and for available funds to be concentrated on the planned completion and start-up of projects already under way, while proof is furnished of the inclusion in the plans and balances of the set profit of the investments. As regards investments outside of the state plan for investments and not financed by the investment fund to be self-financed and autonomously spent, the main difference from earlier regulations on the planning of investments consists in the provision that project-concrete planning of projects with a total value in excess of 5 million marks will now be conducted by the respective ministry or other central state organs or the district council. At the same time all these organs may reserve the right to include in their project-concrete planning other projects with a total value up to 5 million marks, planned by combines, economy managing organs, kreis councils, enterprises and facilities (No 3.3 Paragraph 2). Within the scope of their project-concrete planning, the respective state managers must—2 years in advance—ensure the material backing of these investments by the respective balancing organs as well as coordination with local councils. Investment projects must be prepared and carried out on their responsibility.

A new requirement is the drawing up of a final report as the verifiable evidence of the plan efficacy of the economic targets confirmed by the decision in principle, in order to improve the plan and balance efficacy of the economic profit derived from investments (No 3.7). This final report must be prepared by the respective investment customer once permanent operations have begun or after a completed investment has begun to be used. If the investment project is subject to expert scrutiny, the relevant state expert agency must be involved in the preparation (No 3.7 Paragraph 2). The final report must be submitted for confirmation to the responsible managers listed in No 3.7 Paragraph 6 no later than 6 weeks after the start of permanent operations or utilization.<sup>12</sup>

#### Footnotes

1. See "Mit dem Blick auf den XII. Parteitag die Aufgaben der Gegenwart Loesen. Aus dem Bericht des Politburos an das ZK der SED. Berichterstatler E.Ho-necker" [Accomplishing the Tasks of the Present Time With a View to the Twelfth SED Party Congress. From the Politburo Report to the SED CC. Reporter: E.Ho-necker], Berlin 1988, pp 25f.

2. GBl. I No 26 p 279.

3. GBl. I No 26 p 287.

4. GBl. I No 26 p 283.

5. GBl. I No 26 p 308.

6. GBl Special Issue No 1190/21.

7. The remaining combines of industry and construction will continue to apply the order of 29 January 1987 on the Planning, Formation, and Spending of the Investment Fund To Be Self-Financed and Autonomously Spent (GBl. I No 3 p 15).

8. GBl. I No 17 p 197.

9. GBl. I No 13 p 107. 10. GBl. I No 23 p 257. 11. GBl. I No 3 p 15. 12. The obligation to prepare a final report was already inserted in Article 24 Paragraph 6 of the decree of 30 November 1988 on the Preparation and Implementation of Investments.

## HUNGARY

### New Economic Program Focuses on Market Economy

25000217b Budapest NEPSZAVA in Hungarian  
11 Mar 89 p 5

[Unattributed article: "The Main Goal Is To Create a Market, Not Balance: Report on the Working Program for Economic Transformation"]

[Text] Working committee No 1 of the Economic Reform Committee has prepared its plan for a 3-year working program for economic transformation and stabilization, at the request of the government last summer. The chairman of the working committee, T. Ivan Berend, and members of the editorial committee, Akos Balassa, Peter Bencze, Sandor Szirjak, Laszlo Harsanyi, Tamas Nagy, and Andras Vertes, informed newspaper reporters about it.

In his introduction, T. Ivan Berend stated the viewpoints that the working committee considers most important in the program that has been prepared.

The plan prepared on the basis of work done since last summer is really only a first draft summarizing the thoughts of the working committee. The most important innovation of the work is that it reverses the former manner of thinking: Balance, not stabilization in the narrow sense, comes to the forefront. It starts from the fact that every economic measure becomes counterproductive because comprehensive and uniform market conditions are lacking. For this reason the most important element of a solution is creation of an environment that guarantees healthy market conditions. Therefore, in the next 3 years, beginning with 1990, it is necessary that the most important steps taken be those that start a radical upsetting of this process. This change will help in a fundamental transformation of property relationships, i.e. privatization, but also in basic changes in foreign economic decisions, primarily those of CEMA.

Response to further questions started mainly from the facts or fact that, under the policy of reform, market conditions are changing abruptly after many decades of

gradual change. This gives a definite spurt to economic processes affecting the structure. In the opinion of the committee, liberalization, transformation of CEMA, and establishment of a significant small and medium-sized private business sector can bring about a structural change that is also necessary for a well-thought-out central policy of state assistance. This is especially true because here we are concerned not simply with changing the system of production in the name of modernization, competitiveness, and modern technology, but also with a macroeconomic structural change of economic branches in a broader sense.

Structural change is needed in distribution policy as well. This is also reflected in the plan for modest stabilization, the essence of which can be summarized as follows: During the next 3 years at least the present foreign balance is to be guaranteed, a basis should be formed for modest economic growth, and a way should be opened to stop the decline in the standard of living by decisive improvement in the internal balance.

The materials prepared will be debated in the first reading on 11 April by the government advisory body, which has the task of directing further work on social programs and interconnections. After that, it is planned that the recommendation will go before the economic reform committee headed by Rezso Nyers on 14 April. After that, or after the work of necessary corrections has been completed, the recommendation will be publicly debated on a broad basis. There is a need for all comments, valuable suggestions, and criticisms, because the 3-year program will finally be built into and become an important element of the economic reform committee's final summary.

According to present thinking, this material will also become part of the new program to be worked out by the government. That is, it will be joined together with other work that has been done from another side and by another government apparatus.

**Privatization of State Properties Discussed**  
*25000217a Budapest MAGYAR NEMZET in*  
*Hungarian 21 Mar 89 p 5*

[Article by Istvan Siklaky, economist: "What Should Happen to State-Owned Property?"]

[Text] "Practically the only axiom of socialist economy is that most of the means of production are owned by the state. The axiom must be interpreted in a modern way, such that socialization of property shall improve operating conditions or [at least] not make its efficiency level deteriorate." (Economic-policy statement of the HNF [Patriotic People's Front]. MAGYAR NEMZET, 2 March 1989.)

As I wrote earlier in these very columns: State-owned property (state enterprises, land, and state-owned impartial collective property) at this time is "distorted common

property," because it really represents the collective private property of a small group of people who monopolize political power. ("Az eltorzított kóztulajdon reformja" [Reform of Distorted Common Property], MAGYAR NEMZET, 27 December 1988). I agree with many economists and political scientists that a key question in the transformation of our economic system is reform of this kind of property. In the following I will make a recommendation, relying mainly on a study by Tibor Liska entitled "Tulajdonreform" [Property Reform], which has been lying dormant in a desk for a long time (after "Okonosztat" [Economic Division], it will also soon be available in book form), but I have also utilized a study on a similar subject by colleagues of Penzugykutató [Financial Research] Inc. and the thinking of Bertalan Diczhazi (of the Social Democratic Youth Circle).

**Public Auction**

Let us consider first of all how the capital value of a unit of property (plant or agricultural property) can be determined. We have two points of reference for this. The first limit on the value is the amount that the property (perhaps divided into parts) could be sold for at auction. The other point of reference is to estimate how much profit the property should produce annually when operated rationally and impartially, and then calculate the amount that would have to be deposited in a bank account to yield the same amount of interest (that is, we capitalize the expected profit). In normal circumstances this latter value is larger, and we regard it as the capital value of the given unit of property.

I shall illustrate my recommendation of democratization (socialization) of state-owned property with an example. Let us suppose that the capital value of distorted common property is 1 trillion forints. (We shall see that the correctness of such a global estimate does not have much significance in the recommended procedure). Let us divide this amount up among the citizens: each citizen would receive 100,000 forints. This is the citizen's social inheritance [TO]. "Each citizen (or in the case of minors their parent or guardian) chooses a (branch of a) financial institution, which he entrusts with management of his TO account. The funds in the TO account authorize its owner to use his share to buy stock, any kind of stock, whether shares in "private" associations or shares in associations formed from state enterprises. He could, of course, make free use of the dividends from the shares purchased for any purpose whatsoever. In this way the citizen gains profit from the social inheritance. (The shares thus purchased will be called TO shares in the following.) The owner of TO shares can sell them at any time, but he would not receive the sale price in cash, but rather as a credit to his TO account, so that it could only be used to buy other shares.

Let us now start on a different path. Under the Supreme State Auditor, which will soon be established, there will be an office that we will call the State Property Control [AVA]. Its director is chosen by Parliament. He has the

responsibility of organizing and supervising the transformation of state-owned property into corporations. The AVA will organize the transformation in rational "doses." Let us suppose that the first "dose" consists of 50 state enterprises (industrial enterprises and state farms). The AVA publishes a list of the 50 economic units, makes descriptions of them available for inspection, and announces a competition for the role of establishing a corporation. The competition will fix a target date for the establishment procedure (let's say 6 months after winning the competition). Any expert, group of experts, or economic association can compete. A competitor must put up earnest money (let's say 100,000 forints). If he cannot complete the process of setting up the corporation within the time limit, he loses the earnest money and the AVA can announce a new competition.

The winner of the competition is chosen by a public auction: the one who offers to set up the corporation for the lowest cost. In this way a person or group of persons will be found to establish a corporation corresponding to each of the 50 economic units. They—obviously in cooperation with the present directors of the given units—will estimate the capital value of the units, and in accordance with the law on associations they will issue a share offering. Let's suppose that the estimated capital value of the 50 units, and at the same time the nominal value of the shares to be issued, is an average of 2 billion forints per company, or a total of 100 billion forints. (For comparison: a conservative estimate of the capital value of an average-sized state operation can reach 1 billion forints.) The law on setting up the TO accounts temporarily freezes the funds.

Simultaneously with the stock offering, the AVA releases 10,000 forints from each TO account, thus providing a corresponding demand for the shares to be issued. These shares do not have to be purchased only with TO funds; any person or legal entity can also buy shares for cash, so it is expected that there will be a slight excess demand for the shares. (A detail to be considered is that those who purchase shares for cash will have preference until the value of the "free" shares reaches the amount of working capital needed by the given enterprise. In this way the new corporation can free itself from today's unrealistically high interest rates on debt, and at the same time we can promote the investment of hidden private capital.)

#### Protection Against Failure

Of course most citizens will not be able to review the share offering and evaluate the enterprises that have been placed on the market, so there will be a great demand for reliable intermediaries, investment counseling offices, and investors' associations. They will be formed in large numbers, and they will advertise their services to the owners of TO accounts and cash buyers of shares. The TIT [Society for the Propagation of Scientific Knowledge], the Association of People's Academies, the parties, the trade unions, the television, and the radio will organize dissemination of basic information in a

series of programs, and publishers will compete in placing popular brochures in the stores.

Parallel to all of this, organization of a stock exchange, which has already started, will proceed, and it will begin to organize a market for the shares (including TO shares). With a series of such campaigns a complete transformation or democratization of the present distorted common property can be accomplished in 2-3 years.

Now we can return to the role of estimating the 1 trillion forints that will open the TO accounts. As we see, opening these accounts has really only achieved a sociopsychological starting point and given impetus to the financial institutions managing the TO accounts (branch banks, savings cooperatives) to develop a broad network. Use of the (activated) funds in the individual TO accounts takes place on the basis of and in harmony with the evaluation of state-owned property, one segment at a time, creating and at the same time balancing a broad-based stock market.

This is the point at which it is convenient to couple this kind of democratization of state-owned property with the general "social net" described in the MAGYAR NEMZET article cited above: the concept of a guaranteed minimum income sufficient for survival. The reader of the former article may have thought: "A guaranteed minimum survival income is nice, all right, but where is there money for it?" Well, I think that through the system of shares in the social inheritance being proposed here, guarantee of a minimum survival income will become closely connected with economic prosperity, for as the common property (now no longer distorted) multiplies—expanding and becoming more efficient—the value of profits available from TO shares will rise, and there is a chance that within a foreseeable time it will achieve the survival income. Let's look at a brief calculation: After the first two rounds of share sales as sketched above, each citizen will have shares with a nominal value of 20,000 forints. This means 100,000 forints for a family with three children. If dividends averaging 15 percent are paid on the shares, such a family would receive 15,000 forints a year in dividends. This is not yet a lot of money, but but it will be reassuring for the future.

#### The Land Belongs to the One Who...

What happens if a corporation fails? It is worthwhile to even out the fluctuations in personal income connected with that. Tibor Liska recommends the following in his article: Let every citizen be obliged to insure his TO shares with an insurance company of his own choosing. In this arrangement the insurer, in exchange for a appropriate fee, undertakes to buy the insured shares at any time for a certain percentage—say 80 percent—of their nominal value. So in the case of liquidation the insurance companies concerned will represent the interests of the shareholders (society), and they will try to salvage as much as possible from the bankruptcy, while the citizen only loses an amount that does not threaten his existence.

A significant portion of state-owned property is state-owned land, which is presently managed by state farms and production cooperatives, who may make a profit or a loss, but it is certain that they do not pay a rent for it to the owners (society). (Taxes are obviously not a rent for the land, but a tapping of the income of the enterprise of the agricultural entrepreneur.) Within the framework of what has been said so far, this question could be solved in the following way: The AVA will create a land management office for each land unit. The task of this office will be to rent out the state lands under such conditions as will most effectively make them profitable (while also paying attention to ecological values). These land management offices will also be corporations, shares in which will be owned by citizens' TO accounts or purchased for cash. This will on the one hand force the office to operate efficiently, as the capital market continually evaluates them, and on the other hand it will at last get the income from the land into the pockets of the owners: society.

#### **Future Telecommunications Development Program Discussed**

*25000293 Budapest NEPSZABADSAG in Hungarian  
18 May 89 p 8*

[Interview with Alajos Kausar, director of the Postal Service's specialized branch, by Ferenc Nemeth: "Postal Hopes for the Millennium; Telecommunications Program for Our Country"; date and place of interview not given; first four paragraphs are NEPSZABADSAG introduction]

[Text] Last year the Hungarian Postal Service placed a proposal before the Committee for Planned Economy: In 10 years it would create an acceptable situation in telecommunications, provided the government supports the development program. The proposal was accepted, and the program is to be placed before the government by this June. What does an acceptable situation mean? A director of the Postal Service's specialized branch defines it this way: When the major problems characteristic of today are eliminated. In other words, those people who have telephones would be able to use them, receive good lines. Also, the 2,000 local switchboards that are still manually operated, and thus are usable only during the Postal Service's working hours, would be automatized, enabling people to reach every community by direct dialing. And, instead of the current 10 year waiting period, one could obtain a telephone in 1 year. However, in order for these improvements to come about, certain changes of relatively great volume and quality are needed.

#### **Three Million Digitally**

"According to our calculations, we must create a capacity that is able to serve 3 million stations," said Alajos Kausar branch director. "Some of these, of course, replace the timeworn equipment of today. At the same time, the network also needs technological innovation,

and one characteristic of this is so-called digitalization. From the point of view of the Postal Service, the new technologies improve the network's operational readiness, while subscribers can expect better quality and broader coverage. Both are important considerations, because if we triple today's capacity, the tasks associated with operation increase accordingly.

But this is not the only reason we need digital technology. International experience shows that as we satisfy the quantitative demand for telephone service, there is a corresponding growth in subscriber demand for auxiliary services that can be offered through the telephone. In other words, people do not merely wish to make telephone calls, they also want to have their calls forwarded when they leave home, ask for automatic wake-up calls, forward messages, receive telephone bills that display details of every call, converse with more than one subscriber in a conference manner, etc.

A switchboard such as the one we have recently put into operation in Szombathely has the automatic ability to provide about thirty of the above mentioned services which are not available today. And this is not to mention the services the telephone network can offer that are not of a speech nature, as well as the already available telefax, minitex, or videotex. In modern systems, these may even be enlarged and convey data or pictures along with voice. The technical change of system I have already mentioned create the basis for all of the above."

[NEPSZABADSAG] Obviously, such a transformation in the system does not depend entirely on the resolution, or even the resources, of the Postal Service.

[Kausar] Our goal is (and we are inspired to work on this by our country's hard currency holdings) to stimulate domestic industry to manufacture the equipment we need. According to the calculations we have conducted so far, domestic industry will be able to satisfy about 60-70 percent of our needs.

[NEPSZABADSAG] However, our chances of acquiring modern equipment are limited not only by our industrial and financial capacities, but also by the commercial discrimination of the West.

[Kausar] That is a factor that is controlled by the political atmosphere of the given period. By the way, in asking for bids for digital switchboards we joined with our industry, specifying that the industry wants to acquire the right to manufacture these items, while the Postal Service wants to purchase a few pieces as reference. In other words, these would be the samples against which the domestic products would be measured. That was our intent. The fact is that the COCOM regulations permit the sale of these items, but not the sale of technologies involved. Thus, we were able to bring in the new equipment to our international switchboard in Szombathely, as well as to the other proposed centers (because we are working on other similar switchboards),



but we could not obtain the technologies. This is a question of time, but it is time that is not to be wasted, because domestic experience with the technologies we have already acquired shows that it takes five or six years to achieve serial production. While we are waiting, our industry can make numerous moves to prepare for production.

### World Bank Glass Fiber

One important component of the new technology is the glass fiber, which is more durable than copper cable, is impervious to moisture, and is able to forward a great deal more (laser-converted) signals at the speed of light. A few years ago, the Postal Service has tested this technology under our conditions, and the experiment validated the technology's usefulness and applicability in Hungary. Last year we received a loan from the World Bank to purchase enough glass fiber to cover about sixty kilometers. Most of this will connect the switchboards of Budapest with each other, while the rest will be used between the provincial towns. At the same time we also acquired from East Germany enough glass fiber for a trial, and this was built into the connection among the three main switchboards in Miskolc. However, the COCOM list also hinders the purchase of light conductors; for the time being, the sale of the more advanced so-called monomode fibers, which are more effective because of smaller loss of light, is not permitted, so we have to buy the multimode light transfer cables.

[NEPSZABADSAG] What are your plans for the future?

[Kausér] During the next decade we are going to use only this type of cable for long-distance connections. By around 1994 we would like to complete the enlargement of the present mechanical switchboards, and after that we will install only digital switchboards. After all, the two (digital switchboards and glass fiber conductors) are practical and economical together; using them we could eliminate the need for the traditional equipment which transform the voice-frequency connections and incorporate them into the large capacity, so-called multichannel systems that are suitable for long-distance communication.

[NEPSZABADSAG] How far will this development go, and what will it cover?

[Kausér] We could break it down into two, or rather three, phases. In the first we build a national network that creates the channel for all types of telecommunication, although its switchboards can only relay voice communication. In this phase the telephone, telex, data-transmitting, and other type of systems work side by side. The second phase introduces a unified, so-called integrated service network (internationally referred to as ISDN). To be more precise (and this is used globally now) this is a narrow-band ISDN. This means that the subscriber is not given a telephone line, but an opportunity to enter a telecommunications system, with a choice

of equipment to be connected to it. In other words, he can connect to it a telephone, a telex machine, a computer, or a videotex receiver. The various services come through a shared line, and are part of an integrated system. There is also a third phase, presently only in its experimental stage, the advanced wide-band ISDN, whose wide band is suitable to transmit moving images in a manner similar to television. This could have an important role, for example, in long-distance medical consultations, in comparing blueprints among designers, or in banking communications. But this is a distant phase, and we are not aiming for this in the present developmental concept. Realistically, we feel that a narrow-band ISDN may be realized in this country by the year 2000.

[NEPSZABADSAG] The National Assembly is scheduled to discuss the new postal and telecommunications law before the end of the year. How would that law modify the organizational framework of development?

[Kausér] When it comes to reorganizing the Postal Service, the first decisive steps were taken on 1 January of this year. The Ministry of Transport, Communication and Construction was created, and it assumed some of the Postal Service's responsibilities; in other words, this year the Postal Service operates as an enterprise. The second step is expected to take place next January 1st: The Postal Service will be transformed into several independent firms. The classical postal functions will be separated from telecommunication, and there is talk of other changes as well. For example, what should happen with the delivery of periodicals and the relaying of radio and television programs? The aim of these organizational changes is to clarify the economical operation of the various branches, to reveal where the profit is being created and which areas have higher than acceptable expenses. On the other hand, the 10-year development program we are now placing before the government requires a great deal of money. The budget has its well known limitations, and currently telecommunication is not profitable enough to cover the development projects that will create income in the future. Therefore, we need capital and credit, which demands that we see clearly what is worthy of investment.

### No More Monopoly

Another way the new postal and telecommunications law aids capital investment is by eliminating the exclusive state ownership of telecommunication means, as well as the monopoly on services. This latter issue arouses the most frequent debates.

[NEPSZABADSAG] Why?

[Kausér] Well, I believe that people who are not well informed feel that market competition is a miracle cure. Of course, market competition will develop in areas where a profit is expected. A neglected system cannot be expected to produce enough profit to invite investors. It



is no coincidence that when we started selling shares in the telephone service, people stood in line in regions where the network was developed and a telephone culture existed, while elsewhere we could hardly sell the shares. In other words, it is imaginable that people want to invest in regions where a telephone system already exists, and not where the need is greatest. Under the present monopolistic conditions, the Postal Service has certain service obligations (never mind whether or not it can live up to them), while in a free competitive situation such obligation would not exist.

[NEPSZABADSAG] If this is the case, is liberalization advantageous or detrimental?

[Kausér] What I am trying to emphasize here is that liberalization in itself does not solve anything. The main issue is the degree of liberalization. It would be very harmful if it would lead to foreign capital taking away highly profitable regions, because in that case we would have even less money to develop the other regions. In other words, in the interest of the entire network we should allow foreign capital to earn only average profits, so that we would have enough resources for other developments.

[NEPSZABADSAG] How inviting is such an average rate of profit?

[Kausér] To be sure, foreign capital will not come here voluntarily.... We must alter our circumstances to make them more inviting.

### **Crude Oil Heavy Metal Content Blamed for Pollution, Disease**

*25000314b Budapest HETI VILAGGAZDASAG in Hungarian 27 May 89 pp 55-56*

[Article by Gabor Juhasz: "Air Pollution in Szazhalombatta: Birth Defects"; first paragraph is HETI VILAGGAZDASAG introduction]

[Text] On 22 May in Szazhalombatta, the MSZMP city committee called for an environmental protection forum. The decision to call the meeting was based on what people in this Pest County industrial city talk about: Medical examinations have proven that due to environmental pollution by local industrial plants, the ratio of asthmatics and persons suffering from skin diseases in this settlement is higher than the national average, and that the death of embryos in a late stage of pregnancy is more frequent than usual in Hungary.

It would be difficult to forget in Szazhalombatta that the city must coexist with local industrial pollution. The 200-meter-tall smokestacks of the Thermal Power Plant Along the Danube Enterprise [DHV] which tower over the city are well visible even from a distance of 10 kilometers. It is also well known that the city of 20,000 inhabitants may credit its existence to the fact that in the

late 1950's the government established two large enterprises, the DHV and the Danube Crude Oil Enterprise [DKV] nearby.

The kind of environmental damage one must take into consideration in this city has only begun to become apparent in recent months—at least to the residents. The Hungarian Democratic Forum [MDF] of Szazhalombatta regarded air quality as grounds for raising such concern that already on 7 January 1989, at its introductory meeting the MDF discussed the city's industrial pollution. "Szazhalombatta is among the most polluted settlements in the country," according to local MDF leader Istvan Szucs. The main reason for this is that in the early 1960's the city was established at the wrong place, between the thermal power plant and the crude oil refinery. It so happened, that planners found the area adjacent to the municipality called Batta the most appropriate place for constructing an oil refinery and a related thermal power plant in the vicinity of Budapest, but in those days plans called for only a so-called emergency residential area in the place where the city now stands. But the plants were continually expanded, and in order to save money, they repeatedly constructed new residences next to these plants, in areas where public utilities were already in place. This is how Szazhalombatta was squeezed in between the country's largest power plant and its largest crude oil refinery. (One of the odd aspects of the Szazhalombatta industrial settlement is that part of the DKV plant is in the County of Fejer, within the administrative jurisdiction of the municipality of Ercsi. Despite this fact, the Ercsi council has no say, e.g. about plans to expand the DKV.)

The fact that the 5,400 residences of Szazhalombatta are located between two plants should be sufficient in and of itself to raise concern, according to Szucs. According to the city's MDF leader—a professional engineer specializing in petrochemicals—the existing technology used to explore natural gas and crude oil based energy, and to refine crude oil is such that environmental pollution and air pollution are unavoidable.

In Szucs's view there is a relationship between the city's increasingly bad environmental condition and diseases about which whispers are heard all around town. "They are talking about a disproportionately large number of respiratory illnesses—asthma—and that embryonic death in Szazhalombatta is double the national rate. Lacking appropriate data, the MDF can prove nothing for the time being.

Neither of the large plants denies that air pollution is above permissible levels. They add to their statements however, that increased air pollution fines assessed in past years were not due to quantitative increases in emitted pollution. The reality is that Szazhalombatta was reclassified, so they say, from belonging to an area called "other," meaning industrial, to a "protected I" category which requires compliance with more stringent standards. In terms of the thermal power plant, for

instance, this means that in 1988 they paid 12 million forints in air pollution fines, while for example 2 years earlier they did not pay a single penny in such fines. Thermal plant president Istvan Toth voiced the opinion that "even the name of the present system of fines is hurting, because it suggests that we are in violation of something." This is out of the question, according to Toth, even though the given features of the power plant are such that at present they are unable to fulfill the environmental protection requirements. The main "given feature" is Soviet crude oil processed in Szazhalombatta. Namely, if DHV does not burn natural gas—as most often it does not—it burns oil residues received from the neighboring refinery: petroleum tar and residual oil. Soviet oil has heavy sulfur, nickel and vanadium content; its vanadium content is 100 times higher than that of crude oil produced in Algyo. Oil Refinery Division Director Mrs Peter Erdos says, "to my knowledge at present there is no technology capable of fully removing the vanadium from Soviet oil. But even this way, the heavy metal content of fuel oil is within the most stringent limits established by the Swiss." (There are no Hungarian limits of measurement for these components.)

In any event, the end result is that according to the Budapest Public Health and Contagious Disease Station [KOJAL] at the measuring station nearest to the thermal power plant—at the DHV Cultural Home—it has occurred that settled dust showed 30 to 50 times higher vanadium readings, and one and a half times more nickel content than the levels recommended by the World Health Organization (there are no Hungarian standards). City residents could also learn from the 10 May issue of the local paper that vanadium and its compounds cause skin inflammation, bronchitis, and asthma, while nickel and nickel compounds can provoke asthma attacks.

Not only the thermal plant became suspect of creating unhealthy conditions. The oil refinery was also suspected. Primarily because of emissions of so-called aromatic hydrocarbons (benzene, toluene, and xylene). It looks as if this too is a given feature. According to Mrs Erdos these get into the air through "plant loss," for example by evaporating while filling tank trucks. But the refinery is not the sole source of pollution. The division director says that "aromatic hydrocarbons caused by city traffic compare with the refinery's emissions." Despite the combination of these effects, the latest measurements do not show levels of concentration dangerous to one's health, according to Mrs Erdos.

The most important question remains unanswered: What is the actual relationship between the air quality and the illnesses that occur more frequently than the national average. Margit Kohalmi, Pest County KOJAL deputy director, confirmed that Szazhalombatta has a "higher than average" number of asthmatic children, and that it is true that late embryonic death is "more frequent" than generally throughout the country. At the same time, however, it is difficult to determine exactly

what causes the additional number of illnesses, because people living in the area are exposed to a highly composite effect. The other reason is that for the time being there are no long-term incident data which would permit the drawing of appropriate conclusions, according to Kohalmi. They have measured soot, nitrogen oxides, benzene, toluene, and xylene only since 1979. (The first refinery unit went into operation in 1965.)

Nor has the evaluation been completed of the 1-year series of examinations performed in 1987 and 1988 on 4,000 persons between the ages 30 and 50 residing or working at Szazhalombatta. Using the oil refinery's computers, the evaluation has been going on for a year, and the results cannot be expected to become available prior to the end of 1989. This is the reason why partial findings were revealed only in professional circles, according to Kohalmi, and not because the local state and MSZMP leadership, jointly with the plants has impeded the release of the information, as is said in the city. "The local leaders initiated the examinations, and they deserve credit for that. They helped us with our measurements all along."

Methodology for the examinations was developed by university docent Tibor Pauka. He pins more hope to a planned target examination, in the course of which they will find out expressly whether it is indeed the vanadium pollution of the thermal power plant that causes the unusually high, twice the national average rate, of embryonic death. The examination calls for the continuous observation of pregnant women from Szazhalombatta.

According to Szazhalombatta Council Chairman Jozsef Szekeres they paid appropriate attention to the environmental protection of the city. He listed as proof the number of times one or another council or party body has dealt with the subject. "Our recognition of the importance of environmental protection was not in response to a signal provided by the MDF," according to Szekeres. According to the council chairman the city is on good terms with the two giant enterprises despite environmental pollution. This is in part because during the past years air pollution has decreased, and in part because the plants have sacrificed a lot—for example about 70 million forints between 1986 and 1988—to make Szazhalombatta into a city which is fully served by public utilities, and where 2,000 telephone lines serve 5,400 apartments, according to the council chairman. Szekeres is more concerned about the fact that the two enterprises are able to spend continually decreasing amounts on the city, although even in 1988 the city council received 30 million forints in nonrefundable subsidies from the enterprises. These are so-called transferred resources however, volunteer help which the council budget cannot count on. The council chairman feels that it would be better if the city could benefit from profits made by enterprises in the form of taxes, for example if some of the enterprises' profit taxes were transferred to the council.

If councils of Hungarian settlements could receive their share of local industry profits directly, and not indirectly through state subsidies and through personal income taxes collected by local councils, this would eliminate the present process of bargaining for state funds conducted by councils with enterprises and national authorities whenever a plant is located or expanded. In such instances local people most often make it a condition for locating a plant that their infrastructural backwardness be relieved through state financing. For this reason, this system also causes many concerns for the Environmental Protection and Water Resource Management Ministry (KVM). "I disagree with the idea that local councils do not receive their direct shares from local enterprise profits," according to KVM chief division director Jozsef Arvay. Today's system based on bargaining commits the councils to the plants, and in this way, councils are unable to be appropriately forceful in environmental protection issues in the interest of the populace, according to Arvay.

Despite this fact, on 5 May the Szazhalombatta council chairman held to account the county council regarding his city's environmental protection, (even though he did not fault the enterprises). In response to his statement—as it was restated at the forum—the county council chairman wrote a letter to the ministers of environmental protection and finance, as well as to the new minister of industry on 11 May. The essence of the letter is that the "efforts" of the Szazhalombatta enterprises "are insufficient to cease the environmental harm." In simple terms: State financial support is needed.

Accordingly, for the time being the system of bargaining remains the rule in Szazhalombatta. All we know is that an agreement was reached with the representative of the Ministry of Industry, according to which the people of Szazhalombatta will prepare a technological and financial plan for the reduction of the environmental pollution caused by the two plants, and that the three ministers will jointly render a decision concerning the plan. The plan is due on 15 June.

## POLAND

### ZYCIE GOSPODARCZE 'Briefs' Columns

26000542 Warsaw ZYCIE GOSPODARCZE in Polish  
26 Mar, 2, 9, 16, 26, 30 Apr 89

[Excerpts from weekly news roundup column "Last Week"]

[Excerpts]

[26 Mar p 2]

#### In Poland

[Passage omitted] In Warsaw, on some store shelves, there are only rolls and small quantities of bread from private bakeries.

The shortage of bread is a result of the action of the bakers in the capital city organized in the Warsaw Spolem Bakery and Cake Production Cooperative. The bakers are protesting against the low wages and, in their opinion, unprofitable, production of bread. The bakers have proposed raising their hourly wages by 100 percent.

The extraordinary session of the Plock City People's Council at the recommendation of the president of the city decided to form a new transit enterprise: The City Transit Enterprise. The action was a result of unsuccessful negotiation with strikers for the last 18 days at the current Plock transit enterprise.

About 480,000 vehicles remain to be delivered in order to complete deliveries of cars paid for in advance at the beginning of the 1980's. It is anticipated that their delivery will end in 1992. Wieslaw Grad, chief director of Polmozbyt, said that in 1989 Polmozbyt will deliver about 110,000 prepaid cars. They will consist of 92,100 Fiat 126p's, 9,700 FSO 1500's, 6,000 Polonezes, 400 Ladas, several Skodas, and more than 1,000 Wartburgs. [passage omitted]

A spokesman for the Social Insurance Union told PAP that in February 309.1 billion zloty were paid out for monetary benefits, including 223.6 billion zloty for retirements and pensions. The average retirement or pension was worth 31,541 zloty. A total of 192.8 billion zloty was paid for workers', derivative, and combatant retirements and pensions. The average current retirement and pension was 33,689 zloty.

Retirements and pensions for individual farmers amounted to 30.9 billion zloty. The average payment for this purpose was 22,653 zloty. [passage omitted]

After 10 years as chief director of the Lenin Steel Works, Dr Eng Eugeniusz Pustowka resigned. In conjunction with his resignation, the minister of industry in consultation with the workers' council of the works announced a competition for the position of chief director of the Lenin Steel Works in Krakow.

#### Abroad

[Passage omitted] During a session of UNCTAD, Dr Krzysztof Jakubiszyn, the Polish delegate, presented the position of the developing countries in the overall picture of Polish foreign economic cooperation. In 1988, there was a 17 percent increase in Polish trade with this group of countries.

The fall [as published] edition of the Leipzig International Trade Fair ended. During it, 3,000 exhibitors from all over the world presented their products and technologies. The group of Polish trade offers, which were presented by more than 70 foreign trade enterprises, producers, and research and development centers, was among the largest. [passage omitted]

A new union executive council or government has been formed. It is headed by 65-year-old Ante Markovic, an experienced economic activist from Croatia.

The new government has the smallest number of personnel of any of the postwar Yugoslavian governments. It consists of 129 members, 10 less than the previous one. It is a result of the reorganization of the government, in which five of the previous union secretariats (ministries) remain; seven new ones were created and all seven of the previous union committees (also ministries) were liquidated.

Jacques Delors, the chairman of the EEC Commission (the executive body), calls on the governments of the "Twelve" to make a political gesture showing their desire to strengthen cooperation with Eastern Europe. "I hope that we will be able to make a political gesture that will allow us to demonstrate that we are interested not only in the countries of the EFTA, but in all of Europe," Delors said. Reuters cites a source close to the EEC Commission, according to which Delors has called for close ties between the members of the EEC, the EFTA, and the nonaligned countries like Yugoslavia, and the countries of Eastern Europe, especially Hungary and Poland. [passage omitted]

[2 Apr p 2]

[Excerpts]

#### In Poland

On 28 March, the Ninth Congress of the Polish Scouting Union began. During the working portion of the congress a decision was made to continue the deliberations as the 26th Congress (17 congresses before World War II and eight since 1956). In this way, the reference to the Polish Scouting Union formed in 1918 was expressed.

In 1988, more than 7 million Poles traveled abroad, 32.5 percent more than in 1987. Of them, 5.26 million visited socialist countries; nearly 1.7 million visited capitalist countries. We hosted nearly 6.2 million foreigners in Poland, 30 percent more than in 1987. "The ending of the required exchange of convertible currency for Polish citizens with consular passports and the increasing opportunities to start businesses in Poland certainly will increase the scale of these visits," Col Romuald Popowski, deputy director of the Passport Office of the Ministry of Internal Affairs, told a PAP reporter.

On 27 March 1989 in Szczecin, there was an Easter march with ecological slogans. About 1,000 individuals participated. Signatures were gathered on petitions to the Sejm demanding the next parliament organize a referendum on nuclear power. [passage omitted]

The Seventh Register Section of the Voivodship Court in Warsaw has issued a decision to register the Social Fund of Workers' Solidarity founded by Lech Walesa.

The purpose of the fund, whose founding capital is \$1 million, is to undertake efforts to protect the health of the working people and their families. These goals will be implemented by forming prevention and diagnostic centers and treatment centers for individuals working in particularly difficult conditions, organizing various forms of aid for children needing rehabilitation or broad preventive care, and, in emergency cases, providing aid to social facilities of the health services. [passage omitted]

"Everyone fears new things; there are opponents of reform on both sides: on our side, for not everyone will be able to change to legal operations demanding work, operating in a different way; on the government side, for many people are afraid that now society will watch what they are doing and they are used to various relationships," said Lech Walesa during a press conference at St. Brygida's Church in Gdansk on 23 March 1989.

LOT Polish Airlines announced that beginning on 1 April 1989 tickets for international flights will be about 25 percent more expensive; and domestic flights will be about 50 percent more expensive.

The Social Security Agency, in an unusual move, has shifted the deadline for paying for auto insurance for 1989 to 30 April.

On 22 March 1989, Deputy Premier Ireneusz Sekula met with representatives of "economic action": Andrzej Machalski, secretary of the Economic Society in Warsaw, Aleksander Paszynski, its president, and Henryk Wilk, a member of the Society's board.

"Economic action" includes initiators and activists of industrial and economic societies in Warsaw, Krakow, Poznan, Kielce, and Lodz and scholars and journalists.

This same day Deputy Premier Ireneusz Sekula received representatives of the IMF mission. The mission has high regard for the significance of the economic mechanisms introduced and for the efforts undertaken as a result of the plan to consolidate the Polish economy.

"Man in the World, Man in Nature" was the slogan of the first private Polish weekly paper EUREKA, which has begun publication in Krakow; it is published by a private advertising and reporting agency Eureka and the Polish office of Pan American Airways. The paper, which has a printing of 50,000 copies, is published in Polish and the classifieds and advertisements are also in English. [passage omitted]

The minister of national education in consultation with the Ministry of Finance has decided to increase the social stipends for students by 3,500 zloty.

This decision will go into effect in the period from March to July and is in accord with proposals made by the Association of Polish University Students.

### Abroad

[Passage omitted] On 20 March 1989, the Economic Planning Commission of South Korea announced that the authorities have decided to begin close supervision of the exchange of goods conducted by private firms with socialist countries. Every contract or proposal to form a partnership with mixed capital greater than \$1 million will be subject to official approval by the authorities.

Yonhap, the South Korean press agency, stated that the above decision is tied to the authorities' fears that the formation of partnerships with mixed capital by private business groups with the socialist countries "carries great risk due to the differences in the political, social and economic systems and also because of the shortage of convertible currencies in the countries of the communist block." The agency warns that contracts signed without permission will not be able to obtain financial guarantees from national banks.

Eugeniusz Guz, a PAP correspondent, writes: The federal ministry of finance has presented a detailed list of Polish debts to the FRG, which is printed in WELT AM SONNTAG (19 March): "Poland owes the FRG in sum 8 billion DM. Since 1981, it has been necessary to spend 5.4 billion DM, because Warsaw was unable to pay the credits guaranteed by the government. Since the end of 1987, the demands of German banks against Poland have amounted to 4.7 billion DM; the demands of foreign branches of German banks have amounted to 2.3 billion DM.

The South Korean press agency reported that on 27-29 March 1989 South Korea and the USSR held talks in Moscow on concluding an agreement on opening direct sea links between the two countries. A shipping agreement will also be discussed.

The Taiwanese press for 22 March transmitted the statement by deputy minister of the economy Wang Chien-shien on the subject of approval by the government of the decision to open a Taiwanese trade mission in Budapest. Discussion on forming a similar Hungarian office in Taipei is continuing. Reuters writes that Hungary, among the countries of Eastern Europe, is the largest trade partner for Taiwan—bilateral trade in 1988 was \$43 million. In 1988, Taiwan's trade with all of the countries of Eastern Europe amounted to \$420 million (in 1987, \$200 million).

[9 Apr p 2]

[Excerpts]

### In Poland

[Passage omitted] An ecological demonstration under the slogan "Klempicz—No!" was held in Gorzow Wielkopolski on 2 April 1989 to protest against the construction of a nuclear power plant in Klempicz.

Similar protest marches organized by local chapters of the Polish Ecological Club were held in Pila and Wronki. [passage omitted]

The fifth plenum of the ZSL Chief Committee held on 31 March 1989 was devoted to the tasks of the ZSL in implementing the political and economic reforms. Roman Malinowski, president of the ZSL Chief Committee, presided over the deliberations. In his speech, Deputy Premier Kazimierz Olesiak referred to the proposal by farmers on improving economic conditions and giving meaning to the priority for agriculture when he said that the growing impatience of farmers is not surprising.

The negotiations of the interministerial working groups with the commission coordinating the protest action organized by the Main Council of the National Union of Farmers, Agricultural Circles and Organizations on 30 and 31 March were also devoted to solving the problems arousing the concern and protest of farmers. More on the situation in agriculture in our commentary. [passage omitted]

On 1 April, the retail prices for electric power and gas fuels increased. The price of a kilowatt hour rose to 8.50 zloty from 6.40 zloty. Power used at night rates will cost 4.30 zloty per kWh (previously, 3.20 zloty per kWh). The price of a cubic meter of methane gas increased by 1.50 zloty and is now 11.50 zloty. On 2 April, the price of gasoline also increased. Ethylene 86 (so-called green) now costs 200 zloty per liter, and ethylene 94 ("golden") 250 zloty per liter. Oil lubricants and diesel fuel did not increase in price.

Preparations for beginning production of a modern, efficient delivery truck, the successor of the popular "dung beetle," were the subject of interest during Minister of Industry Mieczyslaw Wilczek's visit to the Truck Factory in Lublin on 30 March 1989. The vehicle will be produced in two versions: with a capacity of 1,300 and 1,800 kg. Production at the Truck Factory is ultimately to reach 28,000 units annually in 1995.

At its meeting, the presidium of the Committee for Science and Technical Advancement of the Council of Ministers discussed the proposal to create a Bank for Technical Advancement, whose task will be to finance innovation, including research and development and implementation.

On 31 March 1989 the Main Customs Office, the Ministry of Internal Affairs, and the Border Guard Troops began the first stage of operation Barrier. The operation is to counter the export of goods in short supply in quantities indicative of commercial purposes (for example, subsidized foodstuffs—meat, preserves, cheese, butter).

### Abroad

[Passage omitted] Secretary of State James Baker declared in an interview with the NEW YORK TIMES

that the United States is "carefully" examining the possibility of obligating itself along with other Western states not to exploit the changing situation in Eastern Europe in a way that could harm the interests of the Soviet Union if the USSR for its part "eases its control" over Eastern Europe. [passage omitted]

At the Kremlin, Premier Nikolay Ryzhkov met with the leadership of the American Trade Consortium, formed by a group of large firms in the United States in order to develop trade and economic contacts with the Soviet Union. A delegation of the Consortium arrived in Moscow in order to sign a trade agreement with its partner, the Soviet Consortium for Foreign Economic Contacts. [passage omitted]

Following the conclusion in February 1989 of an agreement on supplies of energy with the USSR, Italy intends to conclude another similar transaction. The first agreement called for shipments of 2,000 MW of energy in exchange for which Italy agreed to modernize Soviet power plants. This time, Renato Ruggiero, Italian minister of foreign trade, intends to offer his Soviet partner more Italian consumer goods in exchange for greater supplies of natural gas. Ruggiero assumes that due to perestroika, the demand for consumer goods "Made in Italy" has increased in the USSR.

The United States Department of Agriculture reports that the USSR purchased another 550,000 tons of American corn; thus, the level of Soviet purchases for this year have already exceeded those of the entire past trade year. The USSR has so far purchased 10.7 million tons of corn, 4 million tons of wheat, and 1.4 million tons of soy flour. It is anticipated that the USSR will purchase 37 million tons of grain abroad during the current trade year which ends 1 July 1989. [passage omitted]

[16 Apr p 2]

[Excerpts]

#### In Poland

[Passage omitted] As Premier Mieczyslaw F. Rakowski said in his television speech, the Government Press Office published the list of enterprises which due to excessive wage increases find themselves in a difficult financial situation. In 1989, banks have denied credit to nine enterprises due to this threat to their creditworthiness or due to the loss of their creditworthiness because of wage increases. The banks have warned another 24 enterprises that the banks may take similar steps against them. Also, a list of enterprises that have raised the prices of their products and services by more than 50 percent is to be published in the near future.

The ministries of finance and the domestic market have taken a position on the use of various types of advancement payments in retail trade and wholesale trade among enterprises. They state that the antimonopoly

body will issue a decision annulling such contracts for contradicting the binding regulations.

In a comment for PAP, Norbert Aleksiewicz, the chairman of the Main Council of the National Union of Farmers, Agricultural Circles and Organizations, said, among other things, that in ending farmers' protests, the rapid development of a market in the food economy will have fundamental significance: "Today it is particularly significant, for the rural areas have seen more than once that the issues of agriculture are truly noticed in a period of social unrest associated with poor supplies of food. However, when the situation calms down, everything returns to normal. Thus, farmers after talks with the interministerial working group made ending their protest dependent on the authorities making a decision resolving the problems recorded in the findings. They are presented in 11 proposals of national significance and more than 200 of regional significance." On 10 April 1989, the Ninth National Congress of Delegates of Agricultural Circles began in Warsaw.

The Ministry of Finance announced that beginning 10 April 1989 official retail prices for bread were increased. For example, regular bread weighing 0.8 kg will increase in price from 49 to 62 zloty, and the price of country bread weighing 0.8 kg, from 57 to 72 zloty.

#### Abroad

In Vienna, talks between representatives of the ministries of finance of Poland and Austria and banking institution from both countries on restructuring Poland's debt to Austria concluded. An agreement covering Polish payments for 1986-88 for credit agreements guaranteed by the Austrian government was signed. This agreement follows the agreement with the so-called Paris Club of 16 December 1987.

In New York, a seminar for Americans and representatives of Polonia industrial and investment groups was organized under the slogan "A Time To Invest in Poland." At the seminar, materials on the new attractive conditions for operating economic interests with Poland and in Poland were presented.

Several dozen leading representatives of economic and financial circles in Kuwait participated in a seminar in the capital of that country on foreign investment in Poland in light of the new legal and economic regulations. [passage omitted]

In the USSR, a decree has been published that permits leasing land, natural resources, and the assets of enterprises and plant divisions, buildings, agricultural equipment, transportation equipment, etc., for 50 or more years. The document allows for collective and individual

leasing. It notes that family agricultural brigades will be offered leases depending on the ability of the members of a given farm to cultivate the land. A proposal will be brought up for discussion in the parliament in the middle of 1990.

In Sofia, a resolution of the Council of Ministers of the People's Republic of Bulgaria containing specific regulations binding the managements of enterprises and local authorities to create conditions for the development of the production of goods and services in order to eliminate the negative phenomena in these areas has been published. [passage omitted]

In March 1989, prices in Yugoslavia were 397.5 percent higher than in same month of 1988. The Union Statistical Office reported that since February prices have risen by 10.5 percent and since December by 66.2 percent. In the course of the year prices for the following goods have increased the most: food (412 percent), industrial goods (400 percent) and other agricultural products (388.5 percent). The cost of living has risen by 368.1 percent on an annual basis and 16.3 percent in March.

The United States Department of Agriculture reported that the Soviet Union has purchased another 350,000 tons of American corn. This brings the total amount of corn sold to the USSR during the current trade year to 11.5 million tons. The USSR has also purchased 4 million tons of wheat, 450,000 tons of soy, 1.4 million tons of soy flour, and 507.4 tons of sorghum. Unlike wheat, corn is sold for unsubsidized prices.

[23 Apr p 2]

[Excerpts]

#### In Poland

[Passage omitted] Since 16 April 1989, payments for some postal services have increased. A regular local letter (up to 20 grams) costs 25 zloty; a nonlocal letter costs 35 zloty; post cards, 25 zloty. Payments for packages and additional and other services have increased (for example, wiring funds, etc.).

On 17 April 1989, free purchase prices for basic agricultural products were introduced, including a simultaneous increase of 34 percent in the guaranteed price. Retail prices for food remained unchanged.

The deliberation of the Ninth National Congress of Delegates of Agricultural Circles took place on 10-12 April 1989. The new national offices of the union were elected, and changes were made in the charter. Janusz Maksymiuk was elected chairman of the Main Council of the National Union of Farmers, Agricultural Circles and Organizations. [passage omitted]

On 14 April 1989, a meeting of the Presidium of the Committee on Science and Technical Advancement of the Council of Ministers, chaired by Prof Zbigniew Grabowski, was held.

It adopted the plans for the directions of change in the financial principles in research and development units. A thorough simplification of the financial principles is planned, including resigning from standardizing detailed questions using (legal) regulations in favor of a framework system. The delegation of the issuing of detailed executive regulations to the Council of Ministers in legislation is also to be abandoned. The Presidium of the committee ordered the Polish Committee on Standards, Measures, and Quality to conduct the appropriate studies in the ministry and prepare a conception for the modern management of quality in Poland. [passage omitted]

At an antiquarian auction in Lodz, an anonymous purchaser from Wroclaw paid 46.9 million zloty for a Bible of Anton Kolberg of 1488. The asking price was 6 million zloty. The sum for the bible is the highest ever paid for a book in Poland.

#### Abroad

[Passage omitted] An article in the NEW YORK TIMES by Clyde Farnsworth says official government representatives declared that steps designed to support efforts to reorganize the Polish economy will follow the democratic changes. For example, the author writes, the Import-Export Bank which makes loans for foreign purchasers of American goods and which has not made any loans to Poland since the introduction of martial law now could help by financing shipments of American equipment to break through the stagnation in production.

A fraction of the socialist and social-democratic parties in the West European parliament intends to offer an initiative to help Poland. A candidate for the SPD in the election to this parliament, Gerd Walter, said that the Common Market should support the process of democratization in Poland. "We should document our sense of European responsibility on the part of the EEC with our actions in this direction." [passage omitted]

The provisions of the program for cooperation between the PZPR Central Committee and the Central Committee of the Communist Party of Byelorussia signed in Minsk include an exchange of delegations between the PZPR Central Committee and the Central Committee of the Communist Party of Byelorussia, consultations in commissions and sections of the central committees, internships for party workers, and cooperation between the PZPR Academy of Social Sciences and the Institute for Party History of the Central Committee of the Communist Party of Byelorussia.

Mieczyslaw Wilczek, the minister of industry of the People's Republic of Poland, visited Madrid where he participated in a two-day international symposium on

the new conditions for the development of cooperation between enterprises of Eastern and Western Europe. [passage omitted]

Soviet economists are discussing the introduction of a second currency for accounting in foreign trade, which would lead to convertibility for the ruble with Western currencies. Abel Aganbegian, an outstanding Soviet economist, said that the value of this second ruble could be based on the gold standard and on Soviet convertible-currency reserves. He did not explain what the relation between this new ruble and the nonconvertible one now in circulation would be, and he did not say how a new currency could be introduced. He did indicate that a decision on the issue will depend on agreement with Western banking circles. "Some evaluations indicate that changing the ruble to a convertible currency will take 7 to 10 years. Recently, we heard of another possibility, establishing a second currency: a Soviet ruble for foreign transactions," said Aganbegian. The second ruble could be used in special economic zones and would serve to attract foreign investment to some regions of the Soviet Union. Since the existence of two types of currency is not a normal phenomenon, it could not last indefinitely. [passage omitted]

In Albania, ZERI I POPULLIT published selected data on the performance of the plan in the first quarter of 1989. Among the plants with a high rate of production exceeding the planned tasks, the paper lists the ferrochromium plant in Burrel, the cable factory in Shkoder, and the artificial fertilizer factories. Higher than planned levels of production of coal, ferronickel ore, pyrites, and natural asphalt were noted. Plan goals were also exceeded in transport, the light and food industries, domestic trade, and construction. The daily also indicated areas in which there were significant deficits during the period discussed. The production of crude oil was 11,000 tons lower than planned; 24,000 tons of semifinished oil products were not produced. The production of enriched chrome and concentrates of chrome was lower than planned. The fishing industry met 62 percent of its goals; deep-sea fishing met barely 50 percent of its goals. The planned production of milk and vegetables was not met, and in many areas in this field there was a decline in comparison with the first quarter of 1988. [passage omitted]

[30 Apr p 2]

[Excerpts]

#### In Poland

The government has made changes in the decree on the provision of loans for young couples and single individuals raising children. The maximum loan amount will be 20 times the average monthly wage in the socialized sector of the economy in the previous year. At present, this raises the limit from 300,000 zloty to more than 1 million zloty. [passage omitted]

On 22 April 1989 in Gdansk, there was a legal ecology demonstration against the construction of the nuclear power plant in Zarnowiec. It was organized by the Voivodship Board of the League for the Preservation of Wildlife. [passage omitted]

On 21 April 1989, a ceremonial concert organized by the Main Board of the Society for Polish-Soviet Friendship and the Ministry of Culture and Fine Arts was held in Warsaw to celebrate the 44th anniversary of the signing of the Treaty of Friendship, Cooperation, and Mutual Aid between the People's Republic of Poland and the USSR. During the official part of the program the following spoke: Deputy Premier Ireneusz Sekula and Vladimir Brovikov, the Soviet ambassador to Poland.

In 1988, about 7,000 drug addicts were treated; more than 30,000 young people are addicted, and nearly 200,000 have contact with intoxicating substances. Although during the last two years the total of addicts has not increased, intoxication with solvents and glues by children age 11 to 15 and the growing number of marijuana users is disturbing. (From the deliberations of the Sociopolitical Committee of the Council of Ministers, 20 April.) [passage omitted]

The Polish-American Resources Corporation located in the United States has presented a program to develop the housing industry in Poland between 1990 and 2010. Proposals include forming a joint long-term program for the transfer of American capital and technology for the production of building materials and the construction of apartments.

On 19 April 1989, representatives of the National Council of Directors met in Warsaw with Premier M.F. Rakowski. The premier proposed creating a Council of Directors under the president of the Council of Ministers. It would be an advisory body that focuses on specific issues requiring solution. The proposal was accepted. The directors talked about, among other things, the excessive fiscalism of financial policy and the outdated structures of the economy. [passage omitted]

#### Abroad

[Passage omitted] From 17 to 21 April 1989, talks between the People's Republic of Poland and the GDR on delimiting the waters in the Gulf of Pomerania were held in Berlin.

A meeting of the working group "Project Wisla" which includes a number of Polish specialists ended in Stockholm. This project initiated by European ecological organizations, chiefly from the FRG and Sweden, aims to clean up the Wisla, the single greatest source of pollution in the Baltic, by using international financial and technical aid. The creators of the project plan to purchase a portion of Poland's debts from foreign creditors, which were to be sold to the Polish government for zloty. Treatment plants would be built for these funds.



In Paris, the first working session of the French-Polish Chamber of Industry and Commerce, formed in February 1989, was held during Premier Mieczyslaw F. Rakowski's visit to Paris. [passage omitted]

**Polish-Soviet Trade Official Defends Chamber, Policies**

26000551 Warsaw GAZETA BANKOWA in Polish  
No 18, 1-7 May 89 p 9

[Interview with Tadeusz Zylkowski, president, Polish-Soviet Chamber of Commerce and Industry, by Tomasz Uchman: "Give It a Chance"]

[Text] [GAZETA BANKOWA] Mr Chairman, the current extent of direct cooperation between Polish and Soviet enterprises is estimated to be a mere 1.5 percent of the overall value of trade between the two countries. Do you think that from that point of view setting up the Polish-Soviet Chamber of Commerce and Industry may be seen as premature?

[Zylkowski] We could look at it this way, if it were not for the fact that clubs of exporters to the USSR have been active for many years now, to be sure, with varying degrees of success. They have their counterparts on the other side of the border. Also, the Committee for Polish-Soviet Economic Cooperation operated under the PIHZ [Polish Chamber of Foreign Commerce] and the Soviet Chamber of Industry and Commerce. Therefore, certain institutionalized forms of cooperation have already existed.

I agree with you that we started our activities sooner than the extent of bilateral relations between enterprises would merit. However, the very fact that on both sides of the border several hundred enterprises have already been registered which are cooperating, or attempting to cooperate, has encouraged us to set up the chamber. The chamber is not only to stimulate the development of these relations, which are still marked by—I am not afraid to say it—a great degree of amateurism, but also give them a certain standing. The objective also is to represent the interests of enterprises through the chamber before the administration, to point out all shortcomings, lingering old habits, customs, and regulations which hamper such cooperation. We want professionalism in action.

[GAZETA BANKOWA] The two economies are very close to each other, and at the same time very far removed. Their systems of enterprise operations differ. Coordinating the terms on which payments in the national currencies of both countries will be settled took a lot of time. Is the chamber in a position to help at all in speeding up the necessary changes?

[Zylkowski] We live at a time of rapid changes on both sides of the border. To be sure, it does indeed happen

that the most sound and correct initiatives are undertaken before an opportunity arises for them to be implemented. However, people at enterprises and in local administration, republics and provinces, are vigorously devising ways to overcome the obstacles, regardless of how fast the administrations of both countries prepare new legal regulations. We want to promote such thinking. We want to gather the best patterns of already existing cooperation, assimilate the initiatives, and carry them forth.

[GAZETA BANKOWA] At the general meeting of the founders of the chamber much was said about crossborder barter, which was the beginning of everything. Polish enterprises involved in such trade receive tax reductions by virtue of it. They have been saying recently that the Ministry of Finance will cancel such tax reductions. On the one hand, it is correct because barter is not export. However, on the other hand, the pillar on which the image of harmonious cooperation is being built will come down. What do you have to say about this?

[Zylkowski] I look at this barter as an experience of tremendous value which has prompted the involvement of enterprises in operations in a very useful, albeit somewhat amateurish and temporarily authorized, manner. I believe that all initiatives in this field are very valuable. The discontinuation of these operations due to the issuance of new instructions, which you have mentioned, will result not only in frustration, but in a desire to shift to a more professional level of cooperation. In this matter, the chamber once again has a chance for playing a very important role. From this point of view, the chamber was set up too late.

I believe that at present we are trying to rapidly approach the entirety of experience accumulated during the period of crossborder cooperation. Prejudging that future regulations can change this arrangement is premature, and would be very dangerous without taking its results and accomplishments into account. We should also pay attention to the psychological result of it. Nobody can afford to neglect or waste this opportunity for the development of relations between regions and cities.

[GAZETA BANKOWA] Heads of enterprises and chambers from republics which are the closest to Poland geographically as well as among the founding members on the Soviet side. Is it chance or the consequence...

[Zylkowski] This is not chance but rather the intention...

[GAZETA BANKOWA] ...Inevitably, the connotation of crossborder barter comes up.

[Zylkowski] In these republics, the parties interested in cooperation are the most numerous. Over there, they have the most experience associated with crossborder barter; these republics have vital interest in all the tasks the new chamber has set for itself. It was also in the interest of the Soviet partner, the Soviet chamber, to win

over the republic chambers for this concept. However, I do not conceal the fact that the chamber will have branches all over the territory of the USSR, from Minsk all the way to Vladivostok.

[GAZETA BANKOWA] The charter provides for membership in the chamber by Polish and Soviet corporate persons, and individuals on the Polish side. Why this different approach toward the citizens of the two states?

[Zylkowski] I believe that this is a temporary arrangement. It follows from the fact that Soviet citizens thus far do not have the right to perform economic operations which the Polish citizens do...

[GAZETA BANKOWA] Finally... Not one of the speakers taking the floor at the general meeting breathed a word about the CEMA. Was this due to chance, or to a regularity?

[Zylkowski] I have not asked either my Polish or Soviet colleagues about it. Therefore, I believe that both of us can venture an answer. The truthful answer will include both. If it were due to chance, then it was caused by the fact that indeed on most occasions we talk about the CEMA as something that is in need of a profound transformation. Therefore, when you talk about the specific dimension of bilateral cooperation, you do not refer to the experience of a multilateral organization which is entering a period of transformation.

**Status of Transferable Ruble Debt Delineated**  
26000553 Warsaw GAZETA BANKOWA in Polish  
No 14, 3-9 Apr 89 p 10

[Article by Maria Rubel and Grzegorz Wojtowicz: "The Other Debt"]

[Text] When they talk about the foreign debt of Poland they most often report the amount of debt in convertible currencies. This time, it is about the other foreign debt, namely that denominated in the currencies of socialist countries. This debt consists of credit obligations converted into transferable rubles.<sup>1</sup> At present, the exchange rate of the convertible ruble stands at 265 zlotys.

In the 1940's, the turnover of trade between Poland and the USSR, as well as other socialist countries, developed rapidly. This was a natural consequence of changes on the map of Europe at this time, and resulted from the elementary needs of a country recovering from wartime devastation. In the years 1950 through 1955, complicated political conditions and the accepted programs of industrialization reinforced trade links with the most immediate neighbors. The need for imports had to be met in part by the deliveries of goods on credit from the USSR.

The debt of Poland increased from zero to 382 million zlotys in 1949, and subsequently to 1,857 million zlotys in 1955.

After the events of 1956, the terms of trade in the past were revised, and Polish debt to the USSR was annulled.

By the end of 1956, the debt in the currencies of socialist countries amounted to 96 million zlotys.

In the second half of the 1950's, the ruble debt increased consistently, amounting to 1,922 million zlotys in 1960. During this period, new obligations were mainly associated with Soviet credits, as well as credits received from Czechoslovakia for building sulphur, coking coal, and copper ore mines and credits from the GDR for the equipment of brown coal quarries.

In 1961, the debt amounted to 1,848 million zlotys, which corresponded to the amount of 416 million rubles.

In the years 1962 through 1967, the debt remained below 500 million rubles. At this time, a system of settlements in transferable rubles took shape, and the IBEC [International Bank for Economic Cooperation] began operating in Moscow (1964). Despite the acceptance of the practice of multilateral settlements, the character of trade between CEMA [Council for Economic Mutual Assistance] countries did not change. The trade remained based on bilateral balancing of turnover and bilateral intergovernment agreements. However, a credit mechanism was introduced which made it possible for countries with deficits to use short-term loans with an opportunity to extend them for up to 3 years.

In 1968, the ruble-denominated debt of Poland increased to 505 million. The upward trend lasted until 1970 (604 million). Subsequently, the debt declined to 96 million in 1974 which the balance of foreign trade at the time allowed.

It should be added that in the early 1970's the second bank of CEMA countries, the IIB [International Investment Bank], began its operations. It got involved primarily in providing loans for endeavors aimed at developing production in which a majority of socialist countries, or several of them, were interested. Poland filed more than 20 loan applications securing the necessary loans from the International Investment Bank, denominated in transferable rubles and convertible currencies.

After 1974, the ruble-denominated debt of Poland began to grow again. In 1975, obligations amounted to 430 million, increasing to 845 million in 1979 due to growing deficits in the commercial exchange.

Therefore, prior to 1980, the ruble-denominated debt was not high—it did not exceed 1 billion [rubles]. In 1979, it amounted to 13 percent of proceeds from exports to the socialist countries at the time.

The growth of ruble-denominated debt became pronounced in the 1980's, mostly due to the large deficit of commodity trade payments, especially in trade with the USSR. During this period, imports considerably exceeded our exports, improving supplies to our economy, especially at the time of sharp restrictions on deliveries from Western countries. This required that government credits be secured in the USSR, as well as supplementary credits from the International Bank for

Economic Cooperation. Changes in the indebtedness during this period are shown in the table.

At the end of 1987, the ruble-denominated debt was 8 times higher than the amount at the end of 1979.

The year 1988 saw a slowdown in the upward trend of the debt. The unexpectedly good results in merchandise trade (surplus in merchandise payments in the amount of 0.5 billion) made it possible to reduce the debt by 0.1 billion to the level of 6.5 billion, or the equivalent of 56 percent of the export of goods.

The ruble-denominated debt in the amount of 6.5 billion consists of obligations to the following creditors:

	Billion Rubles
USSR	5.2
IBEC	1.0
Czechoslovakia	0.1
Romania	0.1
Others (GDR, Hungary, and IIB)	0.1

The magnitude of indebtedness has caused in recent years and is continuing to cause the need to reschedule loans obtained from the IBEC, and primarily the postponement of payments on obligations to the USSR. In 1986, ruble payments of 3.9 billion were rescheduled from the years 1986 through 1990 to the years 1991 through 1995. The issue of settling the payments is the subject of talks in the course of coordinating economic plans.

What is the cost of the ruble-denominated debt? In the past, the rate of 2 percent dominated. In recent years, interest has been calculated at rates of up to 5 percent. The average rate of interest on Polish obligations, which amounted to just over 2 percent in the early 1980's, increased to 4 percent in the mid-1980's. In 1988, the average rate of interest stood at 4.4 percent.

Interest payments are made on schedule. Last year, the payments of ruble-denominated interest came to 286 million, amounting to the equivalent of 2.5 percent of merchandise exports to the socialist countries.

#### Poland's Foreign Debt

	1980	1981	1982	1983	1984	1985	1986	1987
Main cause: deficit in merchandise payments (billion rubles)	0.8	1.6	0.7	0.9	1.0	1.2	0.9	0.6
Consequence: increase in debt (billion rubles)	0.6	1.7	0.6	0.1	1.0	0.8	0.9	0.1
Status of debt (billion rubles)	1.4	3.1	3.7	3.8	4.8	5.6	6.5	6.6
Ratio of debt to merchandise exports (percent)	23	54	54	51	56	62	64	62

#### Footnote

1. Based on the documentation available, we provide information on the debt in zlotys until 1961, and in clearing rubles for the period after 1961 (or transferable rubles since 1964).

#### National Commerce Bank: Securities Market, Foreign Debt

26000574a Warsaw *RZECZPOSPOLITA* in Polish  
3-4 Jun 89 p 3

[Article by (mk): "Reactivating the Bank of National Commerce"]

[Text] Directors and chairmen of banks on 2 June welcomed into their group the newly appointed Director of the Bank of National Commerce Czeslaw Gawlowski.

In handing him the formal notice of appointment, Minister of Finance Andrzej Wroblewski recalled that the Bank, first established 65 years ago, had not been operating for the last 30 years. The extensive changes in the banking and fiscal systems as well as the new needs of the reformed economy necessitated reestablishing the Bank of National Commerce (BGK). The purpose of this bank include: participation in creating a securities market,

broad analyses of effectiveness and lending to government investment projects, and the accumulation of funds to service foreign indebtedness.

Despite certain similarities between the economic situation in 1924 and now, the original statute of the BGK had to be somewhat "dusted off." The task of reorganizing the Bank of National Commerce practically from scratch was undertaken precisely by Czeslaw Gawlowski. The BGK will at the same time be a bank for restructuring, a bank promoting the development of effective investments of key importance to the country's infrastructure, and a typical investment bank representing the State Treasury in transactions in securities on the capital market.

"To this end," Director Cz. Gawlowski told this *RZECZPOSPOLITA* reporter, "it will be necessary to train a group of bankers to move freely on the capital market and know how to conduct thorough analyses of the effectiveness of particular economic projects.

"There also is a need for obtaining suitable premises for the bank, underwriting the founding capital, and drafting a new bank statute. There is little time left for all these chores, yet the [establishment of a] capital market, which has been mentioned for some time now, modern financing of the economy, and an energetic conduct of industrial restructuring, cannot be postponed indefinitely."

"The reactivation of the BGK is warmly welcomed by the Polish banking system," declared the Chairman of the National Bank of Poland Zdzislaw Pakula, "as it fills a definite gap in it."

The ceremony was attended by Deputy Chairman of the Council of Ministers Janusz Patorski.

**Silesian Free Trade Zone: Participating Firms, Capital Noted**

26000574c Warsaw *RZECZPOSPOLITA* in Polish  
2 Jun 89 p 6

[Article by (aj.): "A Free Trade Zone in Silesia"]

[Text] "The establishment of this company is a sign of the times, a sign of the economic reform and creation of a new economic order. I feel convinced that it will be of benefit to not only its founders but also and above all to spurring the economies of the Katowice and Opole voivodships," declared the Katowice Voivode Tadeusz Wnuk during the ceremony of signing the document establishing the Gliwice-Kedzierzyn-Kozle Silesian Free Trade Zone.

The establishment of this first free trade zone in Silesia crowned nearly 4 months of attempts to form it. As a result of these attempts, the agreement was signed by 11 shareholders, who include the Katowice and Opole voivodship administrations, the municipal governments of Gliwice and Kedzierzyn-Kozle, and such enterprises as the C. Hartwig Freight Forwarding Enterprise (the initiator of the project), the Stalexport [steel exports], the Piecoexport [furnace exports], Zegluga na Odrze of Wroclaw, the Voivodship Agroindustrial Enterprise PZZ in Opole, the Kedzierzyn-Kozle Nitrogen Plants, and the Radunia Repair Shipyard of Gdansk.

The founding capital of the joint-stock company is 5 billion zlotys, i.e., 5,000 shares, each worth 1 million zlotys. The first 880 shares will be distributed among the founding members by the end of 1990. Each shareholder-founding member will own 80 shares. The remainder, once they are issued, may be purchased by legal entities and individuals in this country and abroad.

The free trade zone in Gliwice and Kedzierzyn-Kozle will provide cargo transloading, segregation, storage, marking, etc., services.

**Wroclaw Free Trade Zone: Cheap Transport, Modernization Needs**

26000574b Warsaw *TRYBUNA LUDU* in Polish  
6 Jun 89 p 2

[PAP report: "Following the Prime Minister's Decision To Establish the Wroclaw-Popowice Free Trade Zone"]

[Text] Wroclaw—The signing by the Prime Minister of the order of the Council of Ministers establishing the new free trade zone in, among other places, Wroclaw-Popowice, was received with satisfaction by the workforce of the Zegluga na Odrze [Odra Navigation Co.].

In a conversation with PAP reporters Deputy Director of Zegluga na Odrze, Janusz Pawezka, declared, "The Prime Minister's decision is in consonance with our requests, made as early as last January, to turn the Wroclaw-Popowice Municipal Port into a free trade zone that would benefit not only Wroclaw but also the nation's economy. What is needed next is action to develop correspondingly the area of the new free trade zone in the region of the Wroclaw-Popowice Port. Considerable investment outlays on building new warehouses, port storage areas, quays with transloading equipment, and new access roads will be needed. At present the transloading capacity of the Wroclaw-Popowice Municipal Port is slightly over 1,000,000 metric tons of cargo annually, but this can be doubled upon modernizing and expanding the port. The Odra River is the least costly means of transportation, and it should be utilized more efficiently; on the Prime Minister's decision, new free trade zones have also been established in the following successive Odra ports: Kedzierzyn-Kozle and Gliwice. Joint-stock companies should be efficiently organized in order to obtain the capital needed to modernize the riverports and the adjacent quay areas, so that within a few years the free trade zones would yield economic benefits in the form of not only dividends but also increased cargo traffic on the Odra."

**Doubt Cast on Need for, Excessive Cost of Nuclear Energy**

26000552 Warsaw *GAZETA BANKOWA* in Polish  
No 13, 27 Mar-2 Apr 89 pp 1, 9

[Article by Izabella Byszewska: "Nuclear Energy in Poland: Is It Worth It?"]

[Text] Since the time the first nuclear reactor was commissioned (in 1942 in Chicago), the physicists and power industry experts have split into proponents and opponents of nuclear energy. The main point of discussion was safety, which did not impede the rapid development of the nuclear power industry. At present, over 400 nuclear reactors are in operation throughout the world, which produce about 16 percent of electricity. However, at the same time the discussion was transferred from the offices of scientists to the social forum, placing the issues of the nuclear power industry in an entirely different dimension. As a result, the dismantling of an already existing power station was performed in Austria for the first time in history under pressure from public opinion.

The plan for energy development in our country provides for building 10 nuclear power plants in Poland over 15 years. The construction of the first one of these has been under way since 1982 at Zarnowiec Lake in Gdansk Province. The siting of the next power station in Klempicz, Pila Province, has already been confirmed. There is also talk about Chotcza in Radom Province, and Malkinia, Wyszogrod.... The construction of Zarnowiec which is proceeding at a snail's pace may be the reason why many specialists have begun to consider the economic aspects of the nuclear power industry in Poland.

Despite the complete evaluation of the profitability of building Zarnowiec having never been released to the public, its cost cannot be compared to all other expenditures for the Polish power industry in the opinion of Professor Zygmunt Polanski, an economist from the Maritime Fishing Institute in Gdynia, who has been working on these issues for years. Sidestepping the question "will it blow up or won't it?", Prof Polanski analyzes the costs of the nuclear power industry from the standpoint of social interest, attempting to respond to another question: Is it worth it?

Thus, he notes that the actual cost of a nuclear power plant generally exceeds that planned. Worse yet, the cost is often set too low in the course of design work. As proof, the following data may be quoted: In 1978, the first stage of Zarnowiec (two reactors) was supposed to cost 44.5 billion zlotys in the then current prices. The 1982 cost estimate contains the number 110 billion zlotys, the 1987 one—as much as 208 billion zlotys, and recently there has been talk of costs in the vicinity of 500 billion zlotys. Independent sources for their part report that this quota is at least one-half too low, or that not all of the safety requirements have been taken into account in Zarnowiec. Therefore, a phenomenon occurs in this instance which is unparalleled in the history of technical progress, in which the prototype should be more expensive than the serial product.

In the nuclear power industry, every power station is more expensive than the preceding one. This is the case throughout the world. For example, the cost of new nuclear power stations built in the United States amounts to between 150 and 250 percent of planned cost. In France, where nuclear energy covers 70 percent of power demand, the state nuclear power company turned a deficit of \$15 billion (before 1986). All current economic analyses show that this mode of generating electricity is the most expensive at present, and has been continuously getting more so. Therefore, the predictions that the costs of building nuclear power plants would come down as the technology improves have not been borne out. On the contrary, the costs keep growing year after year. For example, in the FRG the costs grew sixfold between 1968 and 1982 (at twice the rate of coal-burning plants). In the United States and the USSR as well, the cost of the nuclear power industry is almost 100 percent higher than that of coal-based power generation.

Also, the economists took a look at the real cost of energy already generated. In the opinion of Professor Jerzy Bojarski from the PAN [Polish Academy of Sciences], the cost of one megawatt of installed capacity (in 1986 prices) amounted to about 100 million zlotys at coal-fired stations (without sulphur scrubbers), about 130 million zlotys in coal-fired plants with sulphur scrubbers, and 290 million zlotys in nuclear power stations. On his part, Prof Polanski, analyzing the costs of construction, amortization, annual operation, the cost of credit, and of decommissioning the Zarnowiec power station, calculated that the cost of one kilowatt-hour of power generated there will amount to 10.65 zlotys, whereas the cost of conventional energy is

around 4 zlotys. This suggests that this kind of energy is not at all going to be cheap, as the representatives of the nuclear lobby customarily assure us. It is worthwhile to keep in mind the fact that real costs of nuclear power stations are not reduced to only the cost of their construction and operation. Two more issues remain outstanding: waste storage, and, as necessary after 20 to 30 years, the decommissioning of the nuclear power station. Apart from the environmental protection aspect, it is worthwhile in this case as well to look at the arguments of economists. They estimate the cost of storing wastes to be several dozen percent of the cost of construction. If nothing else, this is confirmed by the fact that in Sweden storage facilities worth \$4 billion were built for a power station with 9,000 MW capacity. However, for as long as the waste of nuclear power stations is processed for military purposes, nobody counts these costs, concludes Prof Polanski.

Decommissioning a nuclear power station does not come cheap either; it costs as much as 40 percent of the power generated by the station. Therefore, a fourth nuclear power station should be built in order to decommission three of them, as we can read in the report of the Polish Ecological Club of the East Pomerania District.

Between 1978 and 1985, the consumption of energy in Poland grew by 19 percent, whereas national income per capita decreased by 12 percent. At the same time, the installed power [capacity] increased by 26 percent... Therefore, the question arises: What is the energy produced for in our country? It would be logical to draw up a thorough energy balance of the People's Republic of Poland, as energy experts have long been suggesting, before we embark on building new facilities. Stanislaw Albinowski in the recently published excellent book "The Energy Trap for the Economy" wrote about energy waste. He showed that about 120 million tons of standard fuel are wasted annually in our country. Energy is wasted for many reasons, including the poor condition of distribution lines. Considerable reserves are found in mining which annually "devours" over one-quarter of the coal it produces for its own needs. In turn, the obsolescence of the power industry causes a loss of energy in the course of burning coal amounting to 15 percent. We should add to this the peak energy intensiveness of industry and the communal sector, compared to the civilized world, e.g., inadequate building codes and thermal insulation of residential buildings lead to heat losses of about 30 percent. Under these circumstances, the economists maintain that propagating the construction of nuclear power stations in Poland is not based on genuine, real energy requirements, whereas an opportunity for improving the energy balance is found primarily in the sphere of rational management of the resources available. These opportunities are indicated in the aforementioned report of the PKE [State Energy Commission]. Thus, by modernizing electricity distribution lines, we could secure 12 percent of energy, by shrinking back and modernizing iron and steel enterprises 25 percent, and by installing efficient electricity consuming devices up to 12 percent. Thermal insulation in construction would reduce losses by 10 percent more. By restoring

the run-down hydropower plants, we would recover 5 percent of energy (in 1954, 6,330 of them were in operation, whereas at present only several dozen). For comparison, Zarnowiec is to produce 3 percent of energy. About 6 percent of energy may be obtained from the energy of wind and that based on biogas installations. In total, this is about 70 percent of energy at a far lower cost, taking into account the fact that at the price of building Zarnowiec, two to three hydropower stations such as Wloclawek can be built. It has been proven time after time that outlays for modernization are several times cheaper than those for adding new capacity. If we disregard this fact, the energy from new facilities will also be wasted to a great degree by the backward economy.

Therefore, is the decision to build power stations in Zarnowiec and Klempicz an economic absurdity under the current conditions of Poland, as Prof Polanski maintains? Will the economy of the country endure the financial burden entailed by the nuclear power industry? There are going to be many questions of this nature, and we will not obtain an answer to them until an integrated calculation of the cost of building and operating nuclear power stations in Poland is produced. For as long as such an analysis is not provided, another thought of Prof Polanski will remain topical. He said that, if something brings no benefits or, worse yet, brings about the impoverishment of society and endangers its existence, all the costs of such an endeavor do not achieve their purpose.

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